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INTERSTATE COMMERCE COMMISSION  
April 26, 1990

NOTE: Documents For  
Recordation

Noreta R. McGee, Secretary  
Interstate Commerce Commission  
12th Street and Constitution Avenue, NW  
Washington, D.C. 20423

APR 26 1990 -9 35 AM  
INTERSTATE COMMERCE COMMISSION

Re: Recordation of Equipment Trust Agreement and  
Lease Agreement Covering 892 Auto Racks  
(Conrail 1990 Equipment Trust A)

Dear Ms. McGee:

I have enclosed an original and four notarized copies of each of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code.

The first document is an Equipment Trust Agreement, a primary document, dated April 1, 1990. The second document is a Lease Agreement, a primary document, dated April 1, 1990.

The names and addresses of the parties to these documents are as follows:

(1) Equipment Trust Agreement

(a) Owner Trustee:

Meridian Trust Company  
35 North Sixth Street  
Reading, Pennsylvania 19603  
Attn: Corporate Trust Administration

(b) Equipment Trust Trustee:

Wilmington Trust Company  
Rodney Square North  
Wilmington, Delaware 19890  
Attn: Corporate Trust Administration

*Robert A. Stewart*

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(2) Lease Agreement

(a) Lessor:

Meridian Trust Company  
35 North Sixth Street  
Reading, Pennsylvania 19603  
Attn: Corporate Trust Administration

(b) Lessee:

Consolidated Rail Corporation  
Six Penn Center Plaza  
Philadelphia, Pennsylvania 19103  
Attn: Law Department

A description of the equipment covered by both documents follows:

- (1) 327 fully-enclosed, tri-level Auto Racks  
Builder: Thrall Car Manufacturing Company  
Identification Numbers: CR 8673 to CR 8999 (inclusive)
- (2) 565 fully-enclosed, bi-level Auto Racks  
Builder: Thrall Car Manufacturing Company  
Identification Numbers: CR 8000 to CR 8564 (inclusive)

A fee of \$15.00 is enclosed. Please return the original and any extra copies not needed by the Commission to the undersigned.

Short summaries of both documents to appear in the index follow:

(1) Primary Document

Equipment Trust Agreement between Meridian Trust Company, 35 North Sixth Street, Reading, Pennsylvania 19603, and Wilmington Trust Company, Rodney Square North, Wilmington, Delaware 19890, dated April 1, 1990, and covering 327 fully-enclosed, tri-level Auto Racks and 565 fully-enclosed, bi-level Auto Racks by Thrall Car Manufacturing Company.

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(2) Primary Document

Lease Agreement between Meridian Trust Company, 35 North Street, Reading, Pennsylvania 19603, and Consolidated Rail Corporation, Six Penn Center Plaza, Philadelphia, Pennsylvania 19103, dated April 1, 1990, and covering 327 fully-enclosed, tri-level Auto Racks and 565 fully-enclosed, bi-level Auto Racks by Thrall Car Manufacturing Company.

Please call me if you have any questions or desire additional information.

Very truly yours,



Paul A. Cunningham  
Attorney for Consolidated Rail  
Corporation

PAC/ras  
Enclosures

LEASE AGREEMENT

dated as of April 1, 1990

between

MERIDIAN TRUST COMPANY,

not in its individual capacity  
except as otherwise expressly provided,  
but solely as Owner Trustee,

Lessor

and

CONSOLIDATED RAIL CORPORATION,

Lessee

892 Auto Racks

Conrail 1990 Equipment Trust A

CERTAIN OF THE RIGHT, TITLE AND INTEREST IN AND TO THIS LEASE AGREEMENT OF MERIDIAN TRUST COMPANY, AS OWNER TRUSTEE UNDER THE TRUST AGREEMENT, DATED AS OF THE DATE HEREOF, BETWEEN MERIDIAN TRUST COMPANY AND THE OWNER PARTICIPANT NAMED THEREIN, HAS BEEN ASSIGNED TO AND IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF WILMINGTON TRUST COMPANY, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS EQUIPMENT TRUST TRUSTEE, UNDER THE EQUIPMENT TRUST AGREEMENT, DATED AS OF THE DATE HEREOF, FOR THE BENEFIT OF THE HOLDERS OF THE EQUIPMENT TRUST CERTIFICATES REFERRED TO IN SUCH EQUIPMENT TRUST AGREEMENT. THIS LEASE AGREEMENT HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS. ONLY THE ORIGINAL COUNTERPART CONTAINS THE RECEIPT THEREFOR EXECUTED BY WILMINGTON TRUST COMPANY, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS EQUIPMENT TRUST TRUSTEE, ON THE SIGNATURE PAGES THEREOF. SEE SECTION 22 FOR INFORMATION CONCERNING THE RIGHTS OF THE HOLDERS OF THE VARIOUS COUNTERPARTS HEREOF.

Filed with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303 on \_\_\_\_\_, 1990, at \_\_\_\_:\_\_\_\_.m., recordation number \_\_\_\_\_, and deposited in the Office of the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada on \_\_\_\_\_, 1990, at \_\_\_\_:\_\_\_\_.m.

16849-A  
APR 26 1990 -9 35 AM  
INTERSTATE COMMERCE COMMISSION

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## LEASE AGREEMENT

THIS LEASE AGREEMENT, dated as of April 1, 1990, between MERIDIAN TRUST COMPANY, a Pennsylvania trust company, with its principal place of business at 35 North Sixth Street, Reading, Pennsylvania 19603, not in its individual capacity, except as otherwise expressly provided herein, but solely as Owner Trustee under the Trust Agreement (as defined in Appendix A hereto), and CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation with its principal place of business at Six Penn Center Plaza, Philadelphia, Pennsylvania 19103, whereby the parties hereto agree as follows:

### W I T N E S S E T H    T H A T:

WHEREAS, Lessee (such term and other capitalized terms used herein being defined as hereinafter provided) has contracted to purchase, pursuant to the Purchase Agreement, the Auto Racks described therein;

WHEREAS, the Owner Participant has entered into the Trust Agreement with the Owner Trustee whereby the Owner Trustee is to acquire and hold the Owner Trust Estate for the benefit of the Owner Participant;

WHEREAS, the Owner Participant, the Owner Trustee, Lessee and the Equipment Trust Trustee have entered into the Participation Agreement, subject to the terms and conditions of which Lessee agrees to assign certain of its rights under the Purchase Agreement (including, without limitation, the right to take title to the Items of Equipment) to the Owner Trustee, and the Owner Trustee agrees to assign such rights to the Equipment Trust Trustee;

WHEREAS, the Owner Trustee and the Equipment Trust Trustee, for the benefit of the Holders, are concurrently entering into the Equipment Trust Agreement, whereby the Owner Trustee agrees, among other things, to deposit, mortgage and pledge with the Equipment Trust Trustee as part of the Equipment Trust Estate all of the properties held in trust by the Owner Trustee under the Trust Agreement (other than Excepted Property) and to lease the Items of Equipment back from the Equipment Trust Trustee, and the Equipment Trust Trustee agrees, among other things, to issue

Certificates as evidence of the participation of the Holders in the payment of the Cost of the Items of Equipment and to lease the Items of Equipment to the Owner Trustee;

WHEREAS, concurrently the Owner Trustee desires to undertake herein to lease to Lessee, and Lessee desires to undertake herein to lease from the Owner Trustee, the Items of Equipment, as more fully hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. All capitalized terms used herein shall have the respective meanings set forth in Appendix A hereto for all purposes of this Lease. All references in this Lease to Sections and Exhibits refer, unless otherwise specified, to Sections of and Exhibits to this Lease.

Section 2. Acceptance and Leasing of Items of Equipment. Lessor hereby agrees (subject to satisfaction or waiver of the conditions set forth in Section 4 of the Participation Agreement), simultaneously with the delivery of legal title to each Item of Equipment from Lessor to the Equipment Trust Trustee and acceptance thereof by the Equipment Trust Trustee, to accept delivery of such Item of Equipment from the Equipment Trust Trustee and thereafter to lease such Item of Equipment to Lessee hereunder, and Lessee hereby agrees (subject to satisfaction or waiver of the conditions set forth in Section 5 of the Participation Agreement) to lease from Lessor hereunder, such Item of Equipment, as evidenced by the execution and delivery by Lessee and Lessor of a Certificate of Acceptance covering such Item of Equipment. Lessor hereby authorizes one or more employees of Lessee, designated by Lessee, to act on behalf of Lessor as its authorized representative or representatives to accept delivery of such Item of Equipment in accordance with Sections 2 and 3 of the Participation Agreement. Lessee hereby agrees that such acceptance of delivery by such authorized representative or representatives on behalf of Lessor shall, without further act, irrevocably constitute acceptance by Lessee of such Item of Equipment for all purposes of this Lease. Lessee hereby also agrees to perform all of its obligations and duties under the Participation Agreement and the Tax Indemnity Agreement.



Section 3. Term and Rent. (a) Interim Lease Term and Basic Lease Term. The Interim Lease Term for each Item of Equipment shall commence on the Delivery Date of such Item of Equipment and shall terminate on the Basic Lease Commencement Date for such Item of Equipment. The Basic Lease Term for each Item of Equipment shall commence on the Basic Lease Commencement Date of such Item of Equipment and shall terminate on the Basic Lease Termination Date of such Item of Equipment.

(b) Basic Rent. Lessee hereby agrees to pay Lessor Basic Rent for each Item of Equipment throughout the Basic Lease Term applicable thereto in consecutive semi-annual installments payable on each Basic Rent Payment Date, in an amount equal to the product obtained by multiplying the Cost of such Item of Equipment by the percentage set forth opposite such Basic Rent Payment Date under the caption "Basic Rent" (and under the sub-caption "Advance Rent" or "Arrears Rent", as applicable) on Exhibit C hereto; provided that, as payment of any portion of Basic Rent payable in respect of principal, Lessee may, to the extent permitted by Section 5.06 of the Equipment Trust Agreement, surrender Certificates to the Equipment Trust Trustee for cancellation.

Anything contained herein or in the Participation Agreement to the contrary notwithstanding, each installment of Basic Rent (both before and after any adjustment pursuant to Section 3(e) hereof) shall be, under any circumstances and in any event, in an amount at least sufficient for Lessor to pay in full as of the due date of such installment, any payment (including but not limited to any sinking fund payment) of principal of and interest on the Certificates (except such Certificates as may, from time to time, be surrendered to the Equipment Trust Trustee for cancellation pursuant to Section 5.06 of the Equipment Trust Agreement) required to be paid by Lessor pursuant to the Equipment Trust Agreement on such due date.

(c) Supplemental Rent. Lessee also agrees to pay to Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee to pay any Supplemental Rent, Lessor shall have all rights, powers and remedies provided for herein or by law or in equity or otherwise in the case of nonpayment of Basic Rent. In addition, Lessee will pay, as Supplemental Rent (i) on demand, an amount equal to interest at the Overdue Rate on any part of any installment of Basic Rent not paid when due for any period for which the same shall be overdue

and on any payment of Supplemental Rent not paid when due or demanded, as the case may be, for the period until the same shall be paid in full, (ii) on October 1, 1990, an amount equal to the excess, if any, of all amounts of principal of and interest on the Certificates payable on such date over the sum of (A) the amount paid on such date by the Owner Participant pursuant to Section 7(k) of the Participation Agreement, plus (B) the amount of Investment Proceeds applied on such date by the Equipment Trust Trustee to the payment of such amounts of principal and interest on such date pursuant to clause "first" of Section 3.03 of the Equipment Trust Agreement, (iii) on the Redemption Date of Certificates being redeemed pursuant to Section 6.02(A) of the Equipment Trust Agreement, an amount equal to the redemption price of the Certificates being so redeemed, and (iv) on demand, on an after-tax basis, an amount equal to any and all losses in respect to the principal portion of any Permitted Investment. Lessor agrees to include all Investment Proceeds in its income for Federal, state and local income tax purposes.

(d) Payment to Equipment Trust Trustee. All Rent (whether Basic Rent or Supplemental Rent) shall be paid in funds consisting of lawful currency of the United States of America, which shall be immediately available funds not later than 11:30 A.M., New York City time, on the date of payment. All Rent payable to Lessor hereunder (other than Excepted Property) shall be paid by Lessee to Lessor at its office at 35 North Sixth Street, Reading, Pennsylvania 19603, Attention: Corporate Trust Administration (Conrail 1990 Equipment Trust A); provided that, so long as the Equipment Trust Agreement shall not have terminated pursuant to the terms thereof, Lessor hereby directs, and Lessee agrees, that all Rent (other than Excepted Property) payable to Lessor and assigned to the Equipment Trust Trustee pursuant to the Equipment Trust Agreement shall be paid by wire transfer directly to the Equipment Trust Trustee for credit to such account as the Equipment Trust Trustee shall specify at the offices of the Equipment Trust Trustee at Rodney Square North, Wilmington, Delaware 19890, relating to Conrail 1990 Equipment Trust A, Attention: Corporate Trust Department or at such other location in the United States as the Equipment Trust Trustee may otherwise direct.

(e) Adjustments to Basic Rent, Stipulated Loss Value, Termination Value, Etc. In the event that:

(i) the Delivery Dates, Funding Dates or Transaction Costs, as determined subsequent to the

Closing Date, are other than as were assumed by the Owner Participant, as such assumptions are specified in Schedule I hereto; or

(ii) there has been a Tax Change (but if such Tax Change was an Adopted Proposal, only if such Proposal has become an Adopted Proposal) and Lessee has waived its right pursuant to Section 5(b) of the Participation Agreement to terminate its obligation to lease any Auto Rack on any Funding Date; or

(iii) the Certificates are redeemed upon a refinancing as contemplated by Section 7(h) of the Participation Agreement,

then all amounts of Basic Rent, Stipulated Loss Value and Termination Value shall, subject always to the last paragraph of Section 3(b) hereof, be adjusted (upwards or downwards, as the case may be) to preserve the Net Economic Return which the Owner Participant would have realized had such assumptions been correct, had such Change or Adopted Proposal not been enacted into law, promulgated or rendered, or had such refinancing not occurred, as the case may be; provided that (A) no such adjustments in respect of any Item of Equipment will reflect Regulations under Section 467 of the Code proposed or promulgated subsequent to the Funding Date in respect of such Item of Equipment, (B) consistent with preserving such Net Economic Return, all adjustments shall minimize the net present value of the amounts payable as Basic Rent, discounted at the Certificate Rate, (C) such adjustments will not reflect that portion of such estimated or actual Transaction Costs, as the case may be, which exceeds 3.25% of Proposed Equipment Cost and (D) any adjustment in respect of a Change or Adopted Proposal shall be made only with respect to Items of Equipment delivered on or after the date of the Tax Change.

Except to the extent permitted in the last sentence of this paragraph, any such adjustment in respect of Delivery Dates, Funding Dates or Transaction Costs shall be made prior to any calculation of any amount payable as Stipulated Loss Value, and all adjustments referred to in this sentence shall be made prior to or on April 1, 1991, and shall be effective as promptly thereafter as practicable (and, if any redemption of Certificates is required to be made under Section 6.02(A) of the Equipment Trust Agreement, shall be effective in any event not later than the fifth Business Day prior to the latest date on which notice of such redemption may be given

pursuant to Section 6.03 of the Equipment Trust Agreement). Any such adjustment in respect of a refinancing shall be made and shall be effective with such refinancing. Any such adjustment in respect of a Change shall be made and shall be effective as promptly as practicable, but in no case later than April 1, 1991. Any such adjustment in respect of an Adopted Proposal shall be made and shall be effective as promptly as practicable, but in no case later than April 1, 1992.

Any adjustment pursuant to this Section 3(e) shall initially be computed by the Owner Participant. The results of such computation by the Owner Participant shall promptly be delivered to Lessee and Babcock & Brown. Within 10 Business Days after the receipt of the results of an adjustment, Lessee may request that a Lease Intermediary Firm chosen by Owner Participant and reasonably acceptable to Lessee verify, after consultation with the Owner Participant and Lessee, the accuracy of such adjustment in accordance with this Section 3(e), and the Owner Participant and Lessee hereby agree to provide the Lease Intermediary Firm with all information and materials as shall be reasonably necessary or desirable in connection therewith. If the Lease Intermediary Firm confirms that such adjustment is in accordance with this Section 3(e), it shall so certify to Lessee, and such certification shall be final, binding and conclusive on Lessee, the Owner Participant and Lessor. If the Lease Intermediary Firm concludes that such recalculation or adjustment is not in accordance with this Section 3(e), it shall so certify to Lessee and the Owner Participant, and the Owner Participant shall again compute the required adjustment. Such further adjustment shall again be subject to the provisions of this Section 3(e). The final determination of any recalculation or adjustment hereunder shall be set forth in an amendment to this Lease, executed and delivered by Lessor and Lessee and consented to by the Owner Participant; provided, however, that failure to execute and deliver such amendment shall not affect the validity and effectiveness of any such recalculation or adjustment. The reasonable fees of the Lease Intermediary Firm in verifying an adjustment pursuant to this Section 3(e) shall be paid by Lessee within ten days after demand, except that the Owner Participant shall pay such fees, costs and expenses if such recalculation or adjustment is required to be computed because of an error of the Owner Participant resulting in a net present value (calculated at a discount rate equal to the Certificate Rate) of the recalculated or adjusted Basic Rent that is 7.5 or more basis points higher than the net present

value (at such rate) of the Basic Rent as determined by the Lease Intermediary Firm.

Section 4. Lessor's Representations, Warranties and Covenants. (a) Representations and Warranties. NEITHER LESSOR EITHER IN ITS INDIVIDUAL CAPACITY OR AS TRUSTEE NOR THE OWNER PARTICIPANT NOR THE EQUIPMENT TRUST TRUSTEE (EITHER IN ITS INDIVIDUAL CAPACITY OR AS TRUSTEE) MAKES OR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, VALUE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY, COMPLIANCE WITH SPECIFICATIONS, CONSTRUCTION, PERFORMANCE OR FITNESS FOR USE OF ANY ITEM OF EQUIPMENT OR ANY PART THEREOF OR AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT OR AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF ANY ITEM OF EQUIPMENT OR ANY PART THEREOF OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY ITEM OF EQUIPMENT OR ANY PART THEREOF, except that Lessor warrants that, on the Delivery Date of each Item of Equipment, Lessor shall have received such title to such Item of Equipment as was conveyed to it by the Builder thereof and such Item of Equipment will be free of Lessor's Liens attributable to it in its individual capacity. Lessor shall not have any responsibility or liability to Lessee (other than for Lessor's own gross negligence or willful misconduct or breach of this Agreement) or any other Person with respect to (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by an inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith, (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto, (iii) any interruption of service, loss of business or anticipated profits or consequential damages, or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment.

(b) Covenants. Lessor covenants that, so long as no Event of Default shall have occurred and be continuing, it shall not take or cause to be taken any action contrary to Lessee's rights under this Lease, including, without limitation, the right to possession and use of each Item of Equipment.

Section 5. Return of Items of Equipment. Lessor may, upon at least 60 days' written notice to Lessee prior to the expiration of the Term applicable to any Auto Rack, select either the option described in (a) below or the option described in (b) below, provided that, if such notice is not given, Lessor shall be deemed to have selected option (b) below:

(a) By such notice, Lessor may require Lessee to remove the Auto Racks from the flatcars and prepare the flatcars so that they are acceptable to Trailer Train, all at Lessee's expense and risk. Such removal shall be completed as promptly as is practicable and shall consist of Lessee taking or causing the Auto Racks to be taken off the flatcars, scrapping or causing the Auto Racks to be scrapped and transporting such scrap to any place on the lines of railroad operated by Lessee or its affiliates or to any connecting carrier, all as designated by Lessor. In the event Lessor shall notify Lessee to deliver such scrap to a point not on Lessee's lines, then the cost of transporting such scrap from the nearest point of interchange on Lessee's lines to such designated point shall be paid by Lessor. Until the Auto Racks are removed, all related expenses (flatcar rental, insurance, transportation charges, etc.) shall be Lessee's responsibility.

(b) After the expiration of the Term applicable to any Auto Rack, Lessee will have 15 days to deliver possession of such Auto Racks to Lessor at no more than five locations upon such storage tracks of Lessee as Lessee may designate, provided that Lessee shall deliver at least 100 Auto Racks to any one such location. If, within the 15-day period referred to in the preceding sentence, Lessee so delivers

(i) all of the Auto Racks to which such expiration applies, then Lessee shall not be required to make any payment of rent to Lessor in respect of such Auto Racks after such expiration;

(ii) a majority, but less than all, of the Auto Racks to which such expiration applies, then each such Auto Rack not so delivered within that 15-day period will accrue rent for the period commencing on the date of such expiration and ending on the date on which that Auto Rack is so delivered; or

(iii) less than a majority of the Auto Racks to which such expiration applies, then

(A) each such Auto Rack (whether or not so delivered) will accrue rent for the period commencing on the date of such expiration and ending on the date on which a majority of such Auto Racks shall have been so delivered (the "Majority Delivery Date"), and

(B) each Auto Rack which has not been so delivered on or before the Majority Delivery Date will accrue rent for the period commencing on the Majority Delivery Date and ending on the date on which that Auto Rack is so delivered.

All rent under the preceding sentence shall accrue at the daily equivalent of the average Basic Rent for such Auto Rack for the period before such expiration and shall be payable semi-annually in arrears (with the final payment upon delivery in accordance with the first sentence of this Section 5(b) of all Auto Racks to which the expiration referred to in the first sentence of this Section 5(b) applies). On and before the Majority Delivery Date, Lessee shall be responsible for all flatcar rentals due on all of the flatcars whether or not delivered; after the Majority Delivery Date, Lessor shall be responsible for all flatcar rentals due on each flatcar which bears an Auto Rack that has been delivered in accordance with the first sentence of this Section 5(b). Lessee will also permit Lessor to store such Auto Racks on Lessee's tracks for a period, not exceeding 90 days, following notification to Lessor that such group of Auto Racks being returned pursuant to this Section 5(b) has been assembled and delivered for storage, and upon not less than 30 days' prior written notice, transport the same, at any time within such storage period, to any reasonable location on the lines of railroad operated by Lessee, or to any connecting carrier for shipment, all as directed by Lessor. The movement and storage of such Auto Racks during such storage period are to be at the expense (exclusive of flatcar rentals) and risk of Lessee; provided that Lessee shall not be obligated to move any Auto Rack more than once at the request of Lessor. After such storage period, Lessee agrees to store the Auto Racks for a reasonable time period at the expense (including flatcar rentals) and risk of Lessor. If Lessor requests, Lessee

shall assign whatever rights it has to the subject flatcars to Lessor or its designee. Each Auto Rack returned to Lessor pursuant to this Section 5(b) shall be in the condition required under Section 7 hereof and free and clear of all Liens other than Lessor's Liens.

Section 6. Liens. Lessee will not directly or indirectly create, incur, permit or suffer to exist any Lien on or with respect to any Item of Equipment, title thereto or any interest therein or in this Lease except (i) the respective rights of Lessor and Lessee as herein provided, the Lien created under the Equipment Trust Agreement and the rights of the Owner Participant, the Owner Trustee and the Equipment Trust Trustee under the Trust Agreement, the Equipment Trust Agreement and the Participation Agreement, (ii) the rights of others under agreements or arrangements to the extent expressly permitted by the terms of Section 7(c) hereof, (iii) Lessor's Liens and Trustee's Liens, (iv) Liens for Taxes either not yet due or being contested in good faith (and for the payment of which adequate reserves have been provided) by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of such Item of Equipment or interest therein, (v) materialmen's, mechanics', workmen's, repairmen's, employees' or other like Liens arising in the ordinary course of business for amounts the payment of which is either not yet delinquent or is being contested in good faith (and for the payment of which adequate reserves have been provided) by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of any Item of Equipment or interest therein, and (vi) Liens arising out of judgments or awards against Lessee with respect to which an appeal or proceeding for review is being prosecuted in good faith and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review. Lessee will promptly, at its own expense, take such action as may be necessary duly to discharge (by bonding or otherwise) any such Lien not excepted above if the same shall arise at any time.

Section 7. Maintenance; Operation; Possession; Identification Marks. (a) Maintenance. Lessee, at its own expense, will maintain, repair and service each Item of Equipment in the same manner as employed by Lessee for similar items of equipment owned or leased by it at such time so that such Item of Equipment will remain (i) in as good operating condition as when delivered (ordinary wear and tear excepted), (ii) in compliance with any and all Applicable



Law, (iii) suitable for interchange service, and  
(iv) eligible under all manufacturers' warranties.

(b) Operation. The Items of Equipment will be used in the general operation of Lessee's freight rail business on Lessee's railroad system, on railroad lines over which Lessee has trackage rights and on railroad lines of other railroads in the United States and Canada in the usual interchange of traffic or in through or run-through service.

(c) Possession. Lessee will not, without the prior written consent of Lessor, sublease or otherwise in any manner deliver, transfer or relinquish possession of any Item of Equipment; provided that, so long as no Event of Default or Potential Default shall have occurred and be continuing, and so long as the action to be taken shall not deprive Lessor of its title to (or, so long as the Equipment Trust Agreement is in effect, shall not deprive the Equipment Trust Trustee of its legal title to and its perfected lien created under the Equipment Trust Agreement on) any Item of Equipment, Lessee may, without the prior written consent of Lessor, sublease any Item of Equipment to, or permit its use by, any user which is able to pay its debts as such debts mature and is incorporated in the United States of America (or any State thereof or the District of Columbia), upon lines of railroad owned or operated by Lessee or such user or by a railroad company or companies incorporated in the United States of America (or any State thereof or the District of Columbia), or over which Lessee, such user, or such railroad company or companies have trackage rights or rights for operation of their trains, and upon the lines of railroad of connecting and other carriers in the usual interchange of traffic or in through or run-through service, but only upon and subject and subordinate to all the terms and conditions of this Lease and only for a term which shall not extend beyond the Term of this Lease; provided, however, that Lessor's consent, not to be unreasonably withheld, must be obtained for any sublease that is for a term longer than 12 months; and provided further that such sublease or permitted use shall by its terms prohibit the sublessee or user from locating an Item of Equipment outside the area comprised of the United States and Canada. No such assignment or sublease shall relieve Lessee of its obligations under any Operative Document, which shall be and remain those of a principal and not a surety.

(d) Identification Marks. Lessee will cause the Items of Equipment to be numbered with the respective

identification numbers set forth in Schedule II hereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Item of Equipment, in letters not less than one inch in height, the words "Ownership Subject to Documents Filed with the Interstate Commerce Commission", with appropriate changes thereof as from time to time may be required by law, or required in the opinion of Lessor, in order to protect the Equipment Trust Trustee's title and lien on and Lessor's interest in such Item of Equipment and the rights of Lessor under this Lease and the rights of the Equipment Trust Trustee under the Equipment Trust Agreement. Lessee will not place any Item of Equipment in operation or exercise any control or dominion over the same until such words shall have been so marked and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. Lessee will not change the identification number of any Item of Equipment unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Equipment Trust Trustee and Lessor and duly filed and deposited by Lessee in all public offices where this Lease and the Equipment Trust Agreement shall have been filed and deposited and (ii) Lessee shall have furnished the Equipment Trust Trustee and Lessor an Opinion of Counsel to the effect that such statement has been so filed and deposited, and that no other filing, deposit or giving of notice with or to any Federal, District of Columbia, state or local government or agency thereof is necessary to protect the rights of the Equipment Trust Trustee and Lessor in such Item of Equipment.

Except as provided in the immediately preceding paragraph, Lessee will not allow the name of any person, association or corporation to be placed on any Item of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that an Item of Equipment may be lettered with the names or initials or other insignia customarily used by Lessee or its Affiliates.

(e) Attachment of Auto Racks to Flatcars. Lessee will cause each Auto Rack to be and remain attached or affixed to a flatcar leased from Trailer Train Company, a Delaware corporation ("Trailer Train"), under a Car Contract with Trailer Train (the "Car Contract"), and shall furnish to Lessor a list of the unit number of each such flatcar and the corresponding Auto Rack number. If for any reason the Car Contract shall be in default or shall terminate as to any flatcar to which an Auto Rack is attached or affixed, Lessee will promptly notify the Lessor of such default or

termination and on the Casualty Loss Determination Date next succeeding the 120th day thereafter (the "Section 7(e) Date"), Lessee shall either (i) cause such Auto Rack to be removed from such flatcar and to be attached or affixed to another flatcar which is either leased to (under another lease which is not in default) or owned by Lessee free and clear of all Liens other than Permitted Liens and other than Liens arising under agreements of the character referred to in the immediately succeeding paragraph of this Section 7(e) and shall furnish to Lessor a list of the unit number of each such flatcar and the corresponding Auto Rack number, or (ii) pay to Lessor, or to the Persons entitled thereto, the amount specified in the third paragraph of this Section 7(e).

In the event Lessee complies with clause (i) of the immediately preceding paragraph of this Section 7(e) with respect to any Auto Rack, and pursuant thereto, such Auto Rack is to be attached or affixed to a leased flatcar other than the flatcar to which such Auto Rack was attached at the commencement of the Term applicable thereto, Lessee will furnish to Lessor, as soon as practicable but in any event not later than 30 days after such Auto Rack is so attached or affixed, written agreements of the lessor of such flatcar, of like substance to the written agreements with respect to such Auto Rack furnished by Trailer Train prior to or at the commencement of the Term applicable thereto, and Lessee agrees to use its best efforts to furnish to Lessor, as soon as practicable but in any event not later than 30 days after such Auto Rack is so attached or affixed, copies of all financing documents relating to any such flatcar which is not leased from Trailer Train. In the event that any Auto Rack shall fail to be attached to a flatcar in accordance with the provisions of the first sentence of this paragraph (other than by reason of maintenance being performed in accordance with Section 7(a) hereof) and such failure shall continue for 90 days, or in the event that the written agreement or financing documents referred to in the first sentence of this paragraph with respect to any Auto Rack shall not be furnished for any reason prior to the time provided in said sentence, or in the event that the financing documents furnished by Lessee do not establish to the satisfaction of Lessor that any Auto Rack shall not constitute an accession to the flatcar and that such Auto Rack shall not become subject to any security interest or other interest of any party to such financing, then, in any such case, Lessee shall comply with clause (ii) of the immediately preceding paragraph of this Section 7(e) with respect to such Auto Rack (and for such purposes, the Section 7(e) Date shall be the

Casualty Loss Determination Date next succeeding the event giving rise to such required compliance).

In the event Lessee complies with clause (ii) of the first paragraph of this Section 7(e) with respect to any Auto Rack, Lessee shall pay to Lessor or to the Persons entitled thereto an amount equal to the sum of:

(A) the higher of (x) the fair market sales value of such Auto Rack, and (y) Stipulated Loss Value for such Auto Rack, determined as of the Casualty Loss Determination Date on which the Section 7(e) Date occurs, plus

(B) all other Supplemental Rent due and owing on the Section 7(e) Date, plus

(C) if the Section 7(e) Date is a Rent Payment Date, the Basic Rent due and payable on such Rent Payment Date pursuant to Section 3(b) hereof (other than Basic Rent for such Items of Equipment specified in Exhibit C hereto to be payable on such Date in advance for the period commencing on such Date); provided that as payment (including but not limited to any sinking fund payment) of any portion of Basic Rent payable in respect of principal of Certificates, Lessee may, to the extent permitted by Section 5.06 of the Equipment Trust Agreement, surrender Certificates to the Equipment Trust Trustee for cancellation.

In the event Lessee exercises the option specified in the foregoing clause (ii), upon payment in full of all amounts payable pursuant to such clause, Lessor and Lessee shall take such actions, and shall have such rights and obligations, with respect to the Auto Racks as to which such option is being exercised, as are specified with respect to Items of Equipment which have suffered an Event of Loss pursuant to the second paragraph of Section 10(a) hereof.

So long as any Auto Racks are leased hereunder, Lessee will perform its obligations under, and will exercise any and all rights or options to renew the term of, and will not cancel or otherwise terminate, the Car Contract or any other lease or leases covering the flatcars to which such Auto Racks are attached.

Section 8. Replacement of Parts; Alterations, Modifications and Additions. Lessee agrees at all times to

comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Item of Equipment) with the interchange rules of the Association of American Railroads, if applicable, and with all Applicable Laws, to the extent that such Applicable Laws affect the title, operation or use of such Item of Equipment, and in the event that, during the Term of this Lease and prior to the return of such Item of Equipment, (i) such laws or rules require any alteration, replacement, addition or modification of or to any part or any Item of Equipment, Lessee will comply therewith at its own expense (any such additions which are readily removable without material damage to such Item of Equipment shall become the property of Lessee if their removal would not adversely and materially affect the value or useful life of such Item of Equipment) or (ii) such laws or rules require disposal, removal and dismantlement of or stripping any part or parts or any Item of Equipment, Lessee promptly will give Lessor and the Equipment Trust Trustee written notice to such effect in reasonable detail and will set forth in detail a reasonable course of action, determined by Lessee in good faith and according to Lessee's normal business practice, for such disposal, removal and dismantlement of or stripping such part or parts. Lessee shall not dispose of, remove, dismantle or strip any such part or parts without the written consent of Lessor, which consent shall not be unreasonably withheld; provided, however, that Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not adversely affect the property or rights of Lessor or the Equipment Trust Trustee under this Lease or under the Equipment Trust Agreement. Lessee, at its own cost and expense, may from time to time make such other additions, modifications, improvements and replacements to any Item of Equipment as are readily removable without causing material damage to such Item of Equipment (and do not adversely and materially affect the value or useful life of such Item of Equipment). The additions, modifications, improvements and replacements made by Lessee pursuant to this Section 8 shall be owned by Lessee, except to the extent such additions, modifications, improvements or replacements are described in the following sentence. Any and all parts installed on and additions, modifications, improvements and replacements made to any Item of Equipment (m) which are not readily removable without causing material damage to such Item of Equipment, (n) the cost of which is included in the Cost of such Item of Equipment, (o) in the course of ordinary maintenance of any Item of Equipment or (p) which are required for the operation

or use of such Item of Equipment by the interchange rules of the Association of American Railroads or by the regulations of the ICC, the United States Department of Transportation or any other regulatory body or any other Applicable Law, shall constitute accessions to such Item of Equipment and full ownership thereof free from any Lien shall immediately be vested in Lessor; provided that, so long as the Equipment Trust Agreement is in effect, title to such Item of Equipment for security purposes shall vest in the Equipment Trust Trustee.

Section 9. Voluntary Termination for Obsolescence or Surplus. (a) Right of Termination. So long as no Event of Default shall have occurred and be continuing, Lessee shall have the right, exercisable on any of the dates listed on Exhibit B hereto which occur on or after the fifth anniversary of the date hereof (a "Termination Date"), on at least 90 days' prior written notice to Lessor, to terminate this Lease with respect to Auto Racks having an aggregate Cost of at least \$250,000, if in Lessee's good faith opinion (evidenced conclusively by a certificate of the Chief Financial Officer or comparable operating officer of Lessee), such Item or Items of Equipment shall have become obsolete to Lessee or surplus to Lessee's requirements. Lessor shall give Lessee notice of Lessor's election to sell or retain such Item or Items of Equipment in accordance with Section 9(d) hereof on or before the 30th day after receipt by Lessor of Lessee's notice pursuant to this Section 9(a) to terminate this Lease with respect to such Item or Items of Equipment. In the event Lessor elects to sell such Item or Items of Equipment, Lessor shall sell such Item or Items of Equipment to the Person who shall have submitted the highest net cash bid therefor (or such other purchaser acceptable to Lessor and Lessee). Lessee may withdraw the termination notice referred to above at any time prior to the 30th day prior to the Termination Date, whereupon this Lease shall continue in full force and effect; provided that (x) no bid has been received on such Items of Equipment which exceeds the Termination Value thereof, (y) Lessee shall pay to the Owner Participant all reasonable out-of-pocket and other expenses incurred by the Owner Participant in connection with the termination covered by such withdrawn notice, and (z) Lessee may in no event withdraw more than three such notices given under this Lease.

(b) Sale of Items of Equipment. Lessee, as non-exclusive agent for Lessor, shall, from the date of Lessor's notice given pursuant to Section 9(a) hereof until

the relevant Termination Date, use its reasonable best efforts to obtain bids for the cash purchase on such Termination Date of the Items of Equipment in question. No later than ten Business Days prior to such Termination Date, Lessee shall certify to Lessor in writing the amount and terms of each bid received by Lessee and the name and address of the Person (who shall not be Lessee or any Affiliate of Lessee) submitting each such bid. Lessor may also, at its expense, independently obtain bids for such purchase and, in the event Lessor receives any such bid, Lessor shall promptly, and in any event at least five Business Days prior to such Termination Date, certify to Lessee in writing the amount and terms of such bid and the name and address of the Person (who shall not be Lessee or any Affiliate of Lessee, but who may be Lessor or the Owner Participant or any Person acting on behalf of either thereof) submitting such bid. Unless such Items of Equipment are to be retained by Lessor in accordance with Section 9(d) hereof, on such Termination Date,

(A) Lessee shall (subject to receipt by Lessor and the other Persons entitled thereto of the amount specified in the immediately succeeding paragraph of this Section 9(b)) deliver such Items of Equipment to the highest net cash bidder (or such other purchaser acceptable to Lessor and Lessee) in the same manner as if delivery were made to Lessor pursuant to Section 5(b) hereof; and

(B) Lessor shall simultaneously therewith (i) if the Equipment Trust Agreement shall then not be in effect, sell such Items of Equipment for cash to such bidder on an "as is, where is" basis and without recourse or warranty (except as to Lessor's Liens), or (ii) if the Equipment Trust Agreement shall then be in effect, request the Equipment Trust Trustee to transfer legal title to such Items of Equipment for cash to such bidder (or such other purchaser) on an "as is, where is" basis and without recourse or warranty (except as to Trustee's Liens) (it being understood that Lessor's only responsibility under the preceding clause (ii) shall be to make such request of the Equipment Trust Trustee and Lessor shall have no liability hereunder if the Equipment Trust Trustee does not transfer title as contemplated thereby).

The total sales price realized at such sale shall be retained by Lessor and, in addition, on the Termination Date,

Lessee shall pay to Lessor or to the Persons entitled thereto an amount equal to the sum of:

(m) the excess, if any, of (A) the Termination Value for such Items of Equipment, over (B) the net sales proceeds to Lessor, plus

(n) all other Supplemental Rent due and owing on the Termination Date, plus

(o) the Basic Rent due and payable on the relevant Termination Date pursuant to Section 3(b) hereof (other than Basic Rent for such Items of Equipment specified in Exhibit C hereto to be payable on such Date in advance for the period commencing on such Date); provided that, as payment of any portion of Basic Rent payable in respect of principal (including, but not limited to, any sinking fund payment) of Certificates, Lessee may, to the extent permitted by Section 5.06 of the Equipment Trust Agreement, surrender Certificates to the Equipment Trust Trustee for cancellation, plus

(p) all reasonable expenses incurred by Lessor in connection with such termination.

(c) Certain Obligations Upon Sale of Items of Equipment. Lessor shall be under no duty to solicit bids, to inquire into the efforts of Lessee to obtain bids or otherwise take any action in connection with the sale of any Item of Equipment under Section 9(b) hereof, other than (x) to transfer or request to be transferred to the purchaser of such Item of Equipment on an "as is, where is" basis and, without recourse or warranty (except as to Lessor's Liens), all of Lessor's right, title and interest in and to such Items of Equipment against receipt of the payments provided for herein, and (y) to request the Equipment Trust Trustee upon the sale of such Items of Equipment pursuant to Section 9(b) hereof to execute and deliver to such purchaser an appropriate instrument releasing such Items of Equipment from the lien created under the Equipment Trust Agreement.

(d) Retention of Items of Equipment by Lessor. If Lessor shall have elected to retain any Item of Equipment, Lessor shall pay, or cause to be paid, to the Equipment Trust Trustee on the relevant Termination Date an amount equal to the principal amount of the Outstanding Certificates relating to such Item of Equipment, together with the interest thereon determined as of the Redemption Date on which such



Certificates are to be redeemed pursuant to Section 6.02(C) of the Equipment Trust Agreement, and Lessee shall pay the amount of Premium, if any, thereon also determined as of such Redemption Date. Subject to receipt by the Equipment Trust Trustee of such funds, on the Termination Date, (m) Lessee (x) shall deliver such Item of Equipment to Lessor, in the same manner as if delivery were made to Lessor at the end of the Term applicable thereto pursuant to Section 5(b) hereof, and (y) shall pay to Lessor or to the Persons entitled thereto (including the Holders) all Supplemental Rent (other than Termination Value payable in respect of such Item of Equipment) due and owing on the Termination Date, any Basic Rent due and payable (other than Basic Rent for such Items of Equipment specified on Schedule C hereto to be payable on such Date in advance for the period commencing on such Date) on or prior to the Termination Date and unpaid and (n) Lessor shall request the Equipment Trust Trustee to execute and deliver to Lessor an appropriate instrument conveying legal title to such Item of Equipment to Lessor and releasing such Item of Equipment from the lien of the Equipment Trust Agreement.

(e) Termination of Lease, Etc. Upon the sale of any Item of Equipment or termination of this Lease in respect of such Item of Equipment in compliance with the provisions of this Section 9, the obligation of Lessee to pay Basic Rent for such Item of Equipment under Section 3(b) hereof on any Basic Rent Payment Date occurring subsequent to the Termination Date shall terminate and the Term applicable to such Item of Equipment shall end.

Section 10. Loss, Destruction, Requisition, Etc.

(a) Event of Loss. Upon the occurrence of an Event of Loss with respect to any Item of Equipment, Lessee shall promptly (and, in any event, within 60 days after such occurrence) give Lessor and the Equipment Trust Trustee written notice of such Event of Loss and on the Casualty Loss Determination Date next succeeding the 120th day following such Event of Loss (the "Loss Payment Date"), Lessee shall pay to Lessor or to the Persons entitled thereto,

(A) the Stipulated Loss Value for such Item of Equipment, plus

(B) all other Supplemental Rent due and owing on the Loss Payment Date, plus

(C) if the Loss Payment Date is a Basic Rent Payment Date, the Basic Rent due and payable on that date pursuant to Section 3(b) hereof (other than Basic Rent for such Items of Equipment specified on Schedule C hereto to be payable on such Date in advance for the period commencing on such Date); provided, that as payment (including but not limited to any sinking fund payment) of any portion of Basic Rent payable in respect of principal of Certificates, Lessee may, to the extent permitted by Section 5.06 of the Equipment Trust Agreement, surrender Certificates to the Equipment Trust Trustee for cancellation.

In the event of payment in full of the Stipulated Loss Value for such Item of Equipment and all other amounts payable pursuant to the foregoing paragraph, together with the reasonable expenses incurred by Lessor in connection therewith (which expenses are payable by Lessee), (1) the obligation of Lessee to pay any Basic Rent for such Item of Equipment under Section 3(b) hereof on any Rent Payment Date occurring subsequent to the Loss Payment Date shall terminate, (2) the Term for such Item of Equipment shall end, and (3) Lessor shall transfer to Lessee, on an "as is, where is" basis and without recourse or warranty (except as to Lessor's Liens), and if the Equipment Trust Agreement shall then be in effect, request the Equipment Trust Trustee to transfer legal title to such Item of Equipment with respect to which such Event of Loss occurred to Lessee (it being understood that Lessor's only responsibility under the preceding clause (ii) shall be to make such request of the Equipment Trust Trustee and Lessor shall have no liability hereunder if the Equipment Trust Trustee does not transfer title as contemplated hereby).

(b) Application of Payments from Governmental Authorities for Requisition of Title or Use. Any payments (other than insurance proceeds the application of which is provided for in Section 11) received at any time by Lessor or by Lessee from any governmental authority or other Person with respect to an Event of Loss resulting from the condemnation, confiscation, theft or seizure of, or requisition of title to or use of, any Item of Equipment shall, after reimbursement of Lessor for costs and expenses, be applied in reduction of Lessee's obligation to pay the Stipulated Loss Value required to be paid by Lessee pursuant to Section 10(a) hereof, if not already paid by Lessee, or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of such Stipulated Loss Value, and the

balance, if any, of such payments remaining thereafter shall be paid over to, and retained by Lessee and Lessor, as their interests may appear.

(c) Application of Payments During Existence of Event of Default. Any amount referred to in this Section 10 that is payable to Lessee shall not be paid to Lessee, or if it has been previously paid directly to Lessee, shall not be retained by Lessee, if at the time of such payment an Event of Default or Potential Default shall have occurred and be continuing, but shall be paid to and held by Lessor as security for the obligations of Lessee under this Lease, and at such time as there shall not be continuing any such Event of Default or Potential Default, such amount shall be paid to Lessee.

Section 11. Insurance. Lessee will at all times prior to the return of all Items of Equipment to Lessor, as part of an insurance program including appropriate risk retention and self-insurance, and at its own expense, cause to be carried and maintained casualty insurance and public liability insurance in respect of the Items of Equipment in amounts and against such risks as are customarily insured against by Lessee in respect of similar equipment owned or leased by it. All policies with respect to such insurance shall name Lessor (both in its individual and trust capacity), the Owner Participant and the Equipment Trust Trustee as additional named insureds, as their interests may appear, shall provide for at least 30 days' prior written notice by the insurance carrier to Lessor, the Owner Participant and the Equipment Trust Trustee in the event of cancellation, expiration or amendment (and Lessee shall provide 30 days' prior written notice to Lessor, the Owner Participant and the Equipment Trust Trustee in any such event), and shall include waivers by the insurer of all claims for premiums against Lessor, the Owner Participant and the Equipment Trust Trustee and shall otherwise specify all other standard insurance provisions, including but not limited to any limits on liability. Each such insurance policy shall provide that all of the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a liability of Lessee) shall operate in the same manner as if there were a separate policy covering each insured and shall be primary without right of contribution from any insurance carried by Lessor, the Owner Participant or the Equipment Trust Trustee. Lessee shall, at its own expense, make all proofs of loss and take all other steps

necessary to collect the proceeds of such insurance. Lessee shall, not later than June 15th of each year with respect to public liability insurance and November 15th of each year with respect to casualty insurance, commencing on June 15, 1991 and November 15, 1991, respectively, furnish to Lessor, the Owner Participant and the Equipment Trust Trustee a certificate of an independent insurance broker acceptable to the Owner Participant evidencing the maintenance of the insurance required hereunder. Lessee shall furnish to Lessor, the Owner Participant and the Equipment Trust Trustee certificates evidencing renewal of such policy or policies not later than 15 days after the expiration date of such policy or policies. Lessee shall furnish to Lessor, the Owner Participant and the Equipment Trust Trustee a prompt telephonic notice (promptly confirmed in writing) of any material adverse change in Lessee's insurance program. In the event that Lessee shall fail to maintain insurance as herein provided, and has failed to obtain separate policies reasonably satisfactory to Lessor, the Owner Participant and the Equipment Trust Trustee, Lessor may at its option on five Business Days' prior written notice to Lessee provide such insurance (giving Lessee prompt written notice thereof) and, in such event, Lessee shall, upon demand from time to time, reimburse Lessor for the cost thereof together with interest on the amount of such cost from the date of payment thereof at the Overdue Rate. If Lessor shall receive any insurance proceeds or condemnation payments in respect of any Item of Equipment suffering an Event of Loss, Lessor shall, subject to Lessee's having made payment of the Stipulated Loss Value in respect of such Item of Equipment and provided no Event of Default or Potential Default shall have occurred and be continuing, pay such insurance proceeds or condemnation payments to Lessee. All casualty insurance proceeds received by Lessor in respect of any Item of Equipment not suffering an Event of Loss shall be paid to Lessee upon proof satisfactory to Lessor that any damage to such Item of Equipment in respect of which such proceeds were paid has been fully repaired, provided no Event of Default or Potential Default shall have occurred and be continuing. Any amounts paid or payable to Lessor under the foregoing insurance shall not be reduced on account of any amount which may be paid or payable to Lessor by reason of claims made under any other policies of insurance under which Lessor is a beneficiary claimant. Notwithstanding the foregoing, Lessor shall in no event be obligated to participate in the funding of any self-insurance program of Lessee. Any of Lessor, the Owner Participant and the Equipment Trust Trustee shall have the right to carry insurance on the Items of Equipment for

its own benefit and, unless required to be maintained by Lessee hereunder, at their respective expense; provided, however, that any such insurance not required to be maintained by Lessee hereunder shall not adversely affect Lessee's rights to maintain insurance as to such Items of Equipment.

Any amount referred to in the preceding paragraph that is payable to Lessee shall not be paid to Lessee, or, if it has been previously paid directly to Lessee, shall not be retained by Lessee, if at the time of such payment an Event of Default or Potential Default (other than a Potential Default arising under subsection 14(c) or 14(d) hereof) shall have occurred and be continuing, but shall be paid to and held by the Equipment Trust Trustee, or if the Equipment Trust Agreement shall have been terminated pursuant to the terms thereof, Lessor, as security for the obligations of Lessee under this Lease and at such time as there shall not be continuing any such Event of Default or Potential Default, such amount shall be paid to Lessee; provided that if any such amount has been so held by the Equipment Trust Trustee or Lessor as security for more than 360 days, Lessee is not subject to a petition under the Federal bankruptcy laws and neither such Person shall have exercised any remedy available to it under Section 15 hereof, then such amount shall be paid to Lessee.

Section 12. Inspection. At all reasonable times during the Term applicable to any Item of Equipment, including any applicable storage period provided in Section 5 of this Lease, upon reasonable notice, Lessor and the Equipment Trust Trustee or their authorized representatives may, at their own expense and risk and at no cost to Lessee, inspect such Item of Equipment and the books and records of Lessee relating thereto at the location thereof in Lessee's premises where such Item of Equipment or such books and records are then located. Upon the prior written request by Lessor, Lessee shall advise Lessor in writing as promptly as is reasonably possible and in no event more than 30 days after receipt by Lessee of Lessor's request as to the location of any Item of Equipment. No inspection pursuant to this Section 12 shall interfere with the use, operation or maintenance of any Item of Equipment or the normal conduct of Lessee's business, and Lessee shall not be required to undertake or incur any additional liabilities in connection therewith. Lessor and the Equipment Trust Trustee shall have no duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection.

Section 13. Assignment, Etc. Except as otherwise provided in Section 7(c) hereof, Lessee will not, without prior written consent of Lessor, assign any of its rights hereunder, except as permitted by Section 11(d) of the Participation Agreement. Except as elsewhere herein provided or as expressly permitted by the provisions of the Trust Agreement, the Equipment Trust Agreement or the Participation Agreement, Lessor agrees that it will not assign or convey its right, title and interest in and to this Lease or the Items of Equipment. The terms and provisions of this Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors and assigns.

Section 14. Events of Default. The following events shall constitute "Events of Default" (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), and each such Event of Default shall be deemed to exist and continue so long as, but only as long as, it shall not have been remedied:

(a) Lessee shall fail to make any payment of Basic Rent, Termination Value, Stipulated Loss Value, any amount payable under Section 7(e) hereof or any other amount of Supplemental Rent contemplated pursuant to the provisions of any Operative Document to constitute the source of any payment of principal of, or interest or Premium on, any Certificate, in each case within 10 days after the same shall have become due; or

(b) Lessee shall make or permit any unauthorized assignment or transfer of this Lease in violation of Section 13 hereof or of the right to possession of any Item of Equipment in violation of Section 7(c) hereof; or

(c) Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder or under the Participation Agreement (including, without limitation, any obligation to pay Supplemental Rent not referred to in clause (a) above), and such failure shall continue unremedied for a period of 30 days (except that such period shall be 10 days in the case of any failure by Lessee to pay such Supplemental Rent or to maintain insurance as required by Section 11 hereof) after written notice thereof to Lessee by Lessor (with copies to the Equipment Trust Trustee and

the Owner Participant), by the Equipment Trust Trustee (with copies to the Owner Trustee and the Owner Participant), or by the Holders of at least 25% in principal amount of Outstanding Certificates (with copies to the Owner Trustee, the Owner Participant and the Equipment Trust Trustee), unless such failure is curable and Lessee shall then be diligently proceeding to correct such failure and shall in fact correct such failure within 180 days (except that such period shall be 365 days in the case of a failure by Lessee to perform or observe any such covenant, condition or agreement relating solely to Items of Equipment having a Cost of 10% or less of all Items of Equipment) after delivery of such notice (provided, however, that, notwithstanding any other provision hereof or of any other Operative Document, the failure of Lessee to make a payment under the Tax Indemnification Agreement shall not itself be or become an Event of Default hereunder unless the notice referred to above is given by the Owner Participant); or

(d) any representation or warranty made by Lessee herein or in the Participation Agreement or in any document or certificate furnished by Lessee in connection herewith or therewith or pursuant hereto or thereto shall prove to have been incorrect when made, and such incorrect representation and warranty shall be material and unremedied for a period of 30 days after written notice thereof to Lessee by Lessor (with copies to the Equipment Trust Trustee and the Owner Participant), by the Equipment Trust Trustee (with copies to the Owner Trustee and the Owner Participant), or by the Holders of at least 25% in principal amount of Outstanding Certificates (with copies to the Owner Trustee, the Owner Participant and the Equipment Trust Trustee) (except that the incorrectness of any representation or warranty made solely in the Tax Indemnity Agreement shall not of itself be or become an Event of Default); or

(e) a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or

trustees appointed (whether or not subject to ratification) in such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision as the same may hereafter be amended; or

(f) any other proceeding shall be commenced by or against Lessee for any relief which includes, or might result in, any modification of the obligations of Lessee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of such obligations), and, unless such proceeding shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for Lessee or for the property of Lessee in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceeding shall have been commenced.

Section 15. Remedies. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, Lessor may, at its option, declare this Lease to be in default by a written notice to Lessee (except that in the case of any Event of Default described in paragraphs (e) and (f) of Section 14 hereof, this Lease shall be deemed in default without the necessity of such declaration or further act, or notice of any kind, all of which are hereby waived); and at any time thereafter, so long as Lessee shall not have remedied all outstanding Events of Default, Lessor may do one or more of the following with respect to all or any Items of Equipment as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, Applicable Laws then in effect:



(a) cause Lessee, upon the written demand of Lessor and at Lessee's expense, to return promptly, and Lessee shall return promptly, all or such part of such Items of Equipment as Lessor may so demand to Lessor or its order in the manner and condition required by, and otherwise in accordance with all the provisions of, Section 5 hereof, as if such Items of Equipment were being returned at the end of the Term applicable thereto, or Lessor, at its option, may remove the same from possession and use of Lessee and for such purpose may enter upon the premises of Lessee or any other premises where the Items of Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of Lessee, subject to all mandatory requirements of due process of law;

(b) sell all or any Items of Equipment at public or private sale, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle all or any part of such Items of Equipment as Lessor, in its sole discretion, may determine, all free and clear of any rights of Lessee except as hereinafter set forth in this Section 15 and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto, except to the extent required by paragraph (d) below if Lessor elects to exercise its rights under such paragraph in lieu of its rights under paragraph (c) below;

(c) whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a) or paragraph (b) above with respect to all or any Items of Equipment, Lessor, by written notice to Lessee specifying a payment date which shall be a Casualty Loss Determination Date occurring not earlier than 30 days from the date of such notice, may cause Lessee to pay to Lessor, and Lessee shall pay Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent payable after such Casualty Loss Determination Date), any unpaid Basic Rent due prior to such Casualty Loss Determination Date, plus, if such Casualty Loss Determination Date is a Rent Payment Date, the Basic Rent due and payable on such Rent Payment Date pursuant to Section 3(b) hereof (other than Basic Rent for such Items of Equipment specified in Exhibit C hereto to be payable on such Date in advance for the period

commencing on such Date), plus whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice: (i) an amount equal to the excess, if any, of the Stipulated Loss Value for such Items of Equipment, computed as of such Casualty Loss Determination Date, over the fair market rental value of such Items of Equipment for the remainder of the Term applicable thereto, after discounting such fair market rental value semi-annually (effective on the Rent Payment Dates) to present worth as of such Casualty Loss Determination Date at the original Certificate Rate; or (ii) an amount equal to the excess, if any, of the Stipulated Loss Value for such Items of Equipment computed as of such Casualty Loss Determination Date, over the fair market sales value of such Items of Equipment as of such Casualty Loss Determination Date;

(d) in the event Lessor, pursuant to paragraph (b) above, shall have sold all or any part of any Items of Equipment, Lessor, in lieu of exercising its rights under paragraph (c) above with respect to such Items of Equipment, may, if it shall so elect, cause Lessee to pay Lessor, and Lessee shall pay to Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent payable after the date of such sale), the sum of (i) any unpaid Basic Rent due prior to the date of sale, plus, if the date of sale is not a Rent Payment Date, the daily equivalent of Basic Rent for each day from and including the Casualty Loss Determination Date immediately preceding the date of such sale to but excluding the date of such sale, plus (ii) if the date of such sale is a Rent Payment Date, the Basic Rent due and payable on that date pursuant to Section 3(b) hereof (other than Basic Rent for such Items of Equipment specified in Exhibit C hereto to be payable on such Date in advance for the period commencing on such Date), plus (iii) the amount of any deficiency between the net sales proceeds to Lessor (after deducting the reasonable out-of-pocket expenses incurred by Lessor) and the Stipulated Loss Value for such Items of Equipment, computed as of the Casualty Loss Determination Date immediately preceding the date of such sale; and

(e) Lessor may rescind this Lease as to any Items of Equipment, or may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms or to recover damages for the breach hereof.

In addition, Lessee shall be liable, except as otherwise provided above, for any and all unpaid Rent due hereunder before, after or during the exercise of any of the foregoing remedies and for all legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Items of Equipment in accordance with the terms of Section 5 hereof or in placing such Items of Equipment in the condition required by such Section. For the purpose of paragraph (c) above, the "fair market rental value" or the "fair market sales value" of any Items of Equipment shall be determined by an Independent Appraisal. At any sale of any Items of Equipment pursuant to this Section 15, Lessor, the Equipment Trust Trustee or the Owner Participant may bid for and purchase such property. Except as otherwise expressly provided above, no remedy referred to in this Section 15 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies. No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. To the extent permitted by Applicable Law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to sell, lease or otherwise use any Items of Equipment in mitigation of Lessor's damages as set forth in this Section 15 or which may otherwise limit or modify any of Lessor's rights or remedies under this Section 15.

Section 16. Further Assurances. Lessee will promptly and duly execute and deliver to Lessor such further documents and assurances and take such further action as Lessor may from time to time reasonably request in order to effectively carry out the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessor hereunder.

Section 17. Notices. All notices required or permitted by the terms of this Lease shall be in writing. Any written notice shall become effective when delivered. Any written notice shall either be mailed, certified or registered mail, return receipt requested with proper first class postage prepaid, or sent in the form of a telex,

telegram or telecopy, or by overnight delivery service or delivered by hand. Any written notice shall be addressed (i) if to Lessee, at Six Penn Center Plaza, Philadelphia, Pennsylvania 19103, Attention: Assistant Treasurer-Financing, or at such other address as Lessee shall from time to time designate in writing to Lessor and to the Equipment Trust Trustee, (ii) if to Lessor, at 35 North Sixth Street, Reading, Pennsylvania 19603, Attention: Corporate Trust Administration, or at such other address as Lessor shall from time to time designate in writing to Lessee and to the Equipment Trust Trustee, with a copy to the Owner Participant, (iii) if to the Owner Participant, addressed to the Owner Participant at such address as the Owner Participant shall from time to time designate in writing to Lessor and to Lessee, or, until an address is so designated, at its address set forth on the signature pages of the Participation Agreement, and (iv) if to the Equipment Trust Trustee, at Rodney Square North, Wilmington, Delaware 19890, or at such other address as the Equipment Trust Trustee shall from time to time designate in writing to Lessor and Lessee, with a copy to the Owner Trustee and the Owner Participant. Lessee shall furnish Lessor a sufficient number of copies for transmission to the Owner Participant and the Equipment Trust Trustee of all reports, notices, requests, demands, certificates, financial statements, and other instruments furnished by Lessee hereunder.

Section 18. Net Lease, Etc. This is a net lease, and Lessee's obligation to pay all Rent payable hereunder shall be absolute and unconditional and shall not be affected by any circumstances of any character, including, without limitation, (i) any setoff, counterclaim, recoupment, defense or other right which Lessee may have against the Owner Trustee, the Equipment Trust Trustee, the Owner Participant or anyone else for any reason whatsoever, (ii) any defect in the title, condition, design, operation or fitness for use of, or any damage to or loss or destruction of, any Item of Equipment, or any interruption or cessation in or prohibition of the use or possession thereof by Lessee for any reason whatsoever, (iii) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee or Lessor or (iv) any other circumstance, happening or event whatsoever, whether or not unforeseen or similar to any of the foregoing; provided that so long as no Event of Default shall have occurred and be continuing, if Lessor or any Person claiming through Lessor (other than a Holder) shall interfere with Lessee's right to possession and use of any Item of Equipment in accordance with the terms of this Lease, Lessee's

obligation to pay Basic Rent (other than the portion thereof required to be paid as specified in the last proviso to this sentence) with respect to such Item of Equipment shall abate on a daily basis commencing on the expiration of the 10-Business Day period referred to in the following proviso and ending on the date of termination of such interference with possession and use in an amount equal to the daily equivalent of Basic Rent (computed over the Term of the Lease) otherwise payable to the Owner Participant with respect to such Item of Equipment for such period of interference; provided, however, that an authorized officer of Lessee shall have given 10 Business Days' prior written notice thereof to Lessor, the Owner Participant and the Equipment Trust Trustee in sufficient detail identifying such Item of Equipment, the source, nature and location of such interference and the amount of Basic Rent being abated; and provided, further, however, that such abatement of Basic Rent shall be limited solely to that portion of Basic Rent which is not allocable to the payment of principal of and interest due and payable on the Certificates. Any improper abatement of Basic Rent by Lessee under the immediately preceding sentence shall be deemed an Event of Default and shall be deemed cured upon payment by Lessee to Lessor of the amount of any such improper abatement together with interest thereon at the Overdue Rate.

If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise except as specifically provided herein, Lessee nonetheless agrees to pay to Lessor or to the Equipment Trust Trustee, as the case may be, an amount equal to each Basic Rent and Supplemental Rent payment under Section 3 hereof at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been terminated in whole or in part. Lessee hereby waives, to the extent permitted by Applicable Law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease or to abate rent except in accordance with the express terms hereof. Each payment of Rent made by Lessee shall be final as to Lessor and Lessee, and Lessee will not seek to recover all or any part of any such payment of Rent from Lessor or from the Equipment Trust Trustee for any reason whatsoever. Notwithstanding any other provision of this Section 18 to the contrary, Lessee shall not be impaired in the exercise of any right it may have to assert and sue upon any claim it may have against Lessor or the Owner Participant in a separate action.

Section 19. Renewal Option. (a) Fair Market Value Renewal Options. So long as this Lease shall not have been terminated and no Event of Default shall have occurred and be continuing, Lessee shall have the option to extend the lease hereunder of any or all of the Items of Equipment (but in no event less than the Minimum Number of Auto Racks) for successive periods of not less than one year each, the first such period commencing at the end of the Basic Lease Term; provided that the total of all such periods under this Section 19(a) shall not exceed three years. The Basic Rent payable for each Item of Equipment the lease of which has been so extended under this Section 19(a) shall be equal to its fair market rental value determined in accordance with Section 19(b).

(b) Exercise of Option. Lessee may exercise its option to extend the lease hereunder of any Item of Equipment pursuant to this Section 19 by irrevocable written notice delivered to Lessor not later than the 120th day prior to the date on which this Lease as applicable to such Item of Equipment would otherwise expire.

In order to enable Lessee to determine whether it wishes to exercise such option to extend this Lease, the determination of fair market rental value of such Item of Equipment shall be made by mutual agreement of Lessor and Lessee or, if they shall be unable to agree, by Independent Appraisal, and shall be made not less than 180 days prior to the date on which the Lease as applicable to such Item of Equipment would otherwise expire.

(c) Stipulated Loss Value. The amounts payable as Stipulated Loss Value during any Renewal Term upon an Event of Loss occurring to any Item of Equipment shall be determined on the basis of the sum of (i) the fair market sales value of such Item of Equipment as of the commencement of such Renewal Term, amortized on a straight-line basis over such Renewal Term to the fair market sales value of such Item of Equipment as of the expiration of such Renewal Term, as such fair market sales value in each case is determined prior to the commencement of such Renewal Term by mutual consent of Lessor and Lessee or, if they shall be unable to agree, as determined by an Independent Appraisal, plus (ii) any accrued and unpaid Basic Rent determined on a pro rata basis as of the date of actual settlement.

(d) Evidence of Renewal. In the event the lease of any Item of Equipment hereunder is extended pursuant to this

Section 19, such extension shall be evidenced by a separate lease agreement executed and delivered by Lessor and Lessee substantially identical to this Lease as in effect immediately prior to such extension, and such Item of Equipment shall cease to be covered by this Lease as so in effect.

Section 20. Purchase Option. So long as this Lease shall not have been terminated and no Event of Default shall have occurred and be continuing, Lessee shall have the option to purchase any or all Items of Equipment (but in no event less than the Minimum Number of Auto Racks) (i) on the Rent Payment Date which is 30 months prior to the Basic Lease Termination Date at a purchase price equal to 43.5% of the aggregate Cost of the Items of Equipment to be so purchased or, if greater, the aggregate of the Termination Values for such Items of Equipment (ii) on the Basic Lease Termination Date applicable to such Item of Equipment, at a purchase price equal to the fair market sales value of such Item of Equipment, and (iii) at the expiration of any Renewal Term applicable to such Item of Equipment, at a purchase price equal to the fair market sales value of such Item of Equipment. In addition, Lessee shall pay in any case all Basic Rent payable on the date of purchase other than Basic Rent for the Item of Equipment being purchased which is stated to be payable in advance on such date in Exhibit C hereto, together with all Supplemental Rent due and payable on such date.

Lessee may exercise its option to purchase any or all Items of Equipment (but in no event less than the Minimum Number of Auto Racks) pursuant to this Section 20 by irrevocable written notice delivered to Lessor not later than the 120th day prior to the date on which such option is exercisable. In order to enable Lessee to determine whether it wishes to exercise such option to purchase such Items of Equipment, the determination of fair market sales value of such Items of Equipment shall be made by mutual agreement of Lessor and Lessee or, if they shall be unable to agree, by Independent Appraisal, and shall be made not later than 180 days prior to the date on which such option is exercisable.

If Lessee shall have so elected to purchase such Items of Equipment, Lessor shall transfer without recourse or warranty (except as to Lessor's Liens) such Items of Equipment to Lessee or its assignee or nominee against payment by Lessee of the purchase price therefor in immediately available funds.

applied as provided herein or in the Trust Agreement and the Equipment Trust Agreement, be invested in Permitted Investments by Lessor (unless the Equipment Trust Agreement shall not have terminated pursuant to its terms, in which case, by the Equipment Trust Trustee as provided in Section 8.04 of the Equipment Trust Agreement) from time to time as directed in writing by Lessee. There shall be promptly remitted to Lessee any gain (including interest received) realized as the result of any such investment (net of any fees, commissions and other expenses, if any, incurred in connection with such investment) unless an Event of Default or Potential Default shall have occurred and be continuing, and Lessee will promptly pay to Lessor or the Equipment Trust Trustee, as the case may be, on demand, the amount of any loss realized as the result of any such investment (together with any fees, commissions and other expenses, if any, incurred in connection with such investment), such amount to be disposed of in accordance with the terms of the Trust Agreement and the Equipment Trust Agreement.

Section 24. Lessor's Right to Perform for Lessee. If Lessee fails to make any payment of Rent required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein and such failure can be cured with the payment of money, Lessor may, on behalf of Lessee and upon notice to Lessee, itself make such payment. The amount of any such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment, together with interest thereon, to the extent permitted by Applicable Law, at the Overdue Rate, shall be deemed Supplemental Rent, payable by Lessee upon demand.

Section 25. Concerning Lessor. Meridian Trust Company is entering into this Lease solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity (except as expressly provided in Section 4) and in no case shall Meridian Trust Company (or any entity acting as successor owner trustee under the Trust Agreement) be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations of Lessor hereunder; provided, however, that Meridian Trust Company (or any successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of any representation or warranty made in its individual capacity in Section 4 hereof. If a successor Owner Trustee is appointed in accordance with the terms of the Trust Agreement, such successor Owner Trustee shall, without any further act,



succeed to all the rights, duties, immunities and obligations of Lessor hereunder and the predecessor Owner Trustee shall be released from all further duties and obligations hereunder.

Section 26. Repayment of Deficiency Amount. To the extent, if any, that the amount paid by the Owner Participant by 11:30 A.M., New York City time, on October 1, 1990 to the Equipment Trust Trustee at its office referred to in Section 3(d) hereof is less than the amount required to have been paid by the Owner Participant on such date under Section 7(k) of the Participation Agreement (the "Deficiency Amount"), the amount paid by Lessee pursuant to Section 3(c)(ii) hereof in respect of the Deficiency Amount shall be deemed to be a loan from Lessee to Lessor. Lessor agrees to reimburse Lessee in the manner provided in the following sentence for (x) the Deficiency Amount plus (y) accrued interest on the unreimbursed portion thereof, at a rate per annum equal to the Certificate Rate (compounded semiannually), from the date such amount is paid by Lessee to but not including the date of each such reimbursement (such amount to be reimbursed being herein called the "Reimbursement Amount"). So long as no Event of Default has occurred and is continuing, upon written demand by Lessee delivered to Lessor (with a copy to the Owner Participant) Lessor will promptly pay to Lessee the Reimbursement Amount and, if, for any reason, Lessor shall fail so to pay to Lessee such Reimbursement Amount, upon at least five days' prior written notice to the Equipment Trust Trustee, Lessee shall be entitled to offsets (without duplication) against each succeeding payment (other than as limited by the proviso to this sentence) due from Lessee to Persons other than the Equipment Trust Trustee and Lessor in its individual capacity (including, without limitation, Basic Rent, Supplemental Rent payable under Sections 9, 10, 15 and 19 hereof, payments due under the Tax Indemnity Agreement and payments due to Persons other than the Equipment Trust Trustee and Lessor in its individual capacity under Section 15 of the Participation Agreement), until Lessee has been fully reimbursed for the Reimbursement Amount; provided, however, that in the case of any payment due from Lessee which is distributable under the terms of the Equipment Trust Agreement, Lessee's right of offset shall be limited to amounts distributable to Lessor or the Owner Participant thereunder. No such offset or aggregate combined effect of separate offsets shall reduce the amount of any installment of Basic Rent to an amount insufficient, together with all other amounts payable simultaneously by Lessee, to pay in full the payments then required to be made on account of the principal amount (and

Premium, if any) of and interest on the Certificates then Outstanding.

Section 27. Miscellaneous. The rights of Lessee under Section 8, 9, 10(a) or 20 hereof shall be conditioned upon compliance by Lessee with Section 4.02 of the Equipment Trust Agreement. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. This Lease may be executed by the parties hereto in separate counterparts, each of which, subject to Section 22 hereof, when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. To the extent permitted by Applicable Law, Lessee hereby waives any provision of law which renders any provision prohibited or unenforceable in any respect. No term or provision of this Lease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to Lessee any right, title or interest in any Item of Equipment except as a lessee only. The section and paragraph headings in this Lease and the table of contents are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof and all references herein to numbered sections, unless otherwise indicated, are to sections of this Lease. This Lease has been delivered in the State of New York and shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease Agreement to be duly executed as of the day and year first above written.

LESSOR

MERIDIAN TRUST COMPANY  
not in its individual capacity,  
except as otherwise expressly  
provided herein, but solely as  
Owner Trustee

By

  
Title: VICE PRESIDENT

LESSEE

CONSOLIDATED RAIL CORPORATION

By

Title: \_\_\_\_\_

CERTAIN OF THE RIGHT, TITLE AND INTEREST IN AND TO THIS LEASE AGREEMENT OF MERIDIAN TRUST COMPANY, AS OWNER TRUSTEE UNDER THE TRUST AGREEMENT, DATED AS OF APRIL 1, 1990, BETWEEN MERIDIAN TRUST COMPANY AND THE OWNER PARTICIPANT NAMED THEREIN, HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF WILMINGTON TRUST COMPANY, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS EQUIPMENT TRUST TRUSTEE, UNDER THE EQUIPMENT TRUST AGREEMENT, DATED AS OF THE DATE HEREOF, FOR THE BENEFIT OF THE HOLDERS OF THE CERTIFICATES REFERRED TO IN SUCH EQUIPMENT TRUST AGREEMENT. THIS LEASE AGREEMENT HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS. ONLY THE ORIGINAL COUNTERPART CONTAINS THE RECEIPT THEREFOR EXECUTED BY WILMINGTON TRUST COMPANY, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS EQUIPMENT TRUST TRUSTEE, ON THE SIGNATURE PAGES THEREOF. SEE SECTION 22 FOR INFORMATION CONCERNING THE RIGHTS OF THE HOLDERS OF THE VARIOUS COUNTERPARTS HEREOF.

STATE OF PENNSYLVANIA

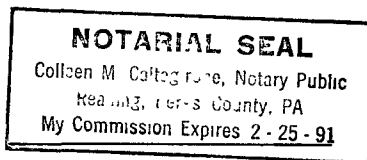
COUNTY OF BERKS )

On this 33<sup>rd</sup> day of April, 1990 before me personally appeared, STEPHEN J. KABA, to me personally known, who being by me duly sworn, says that (s)he is the VICE PRESIDENT of MERIDIAN TRUST COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Calleen M. Catignone  
Notary Public

[Notarial Seal]

My commission expires



COUNTY OF

On this \_\_\_\_ day of \_\_\_\_, 1990 before me personally appeared, \_\_\_\_\_, to me personally known, who being by me duly sworn, says that (s)he is the \_\_\_\_\_ of CONSOLIDATED RAIL CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on \_\_\_\_\_, 1990 on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My commission expires

Receipt of this original counterpart of the  
foregoing Lease is hereby acknowledged on this \_\_ day  
of \_\_\_\_\_, 1990.

WILMINGTON TRUST COMPANY,  
not in its individual capacity,  
but solely as Equipment Trust  
Trustee

By \_\_\_\_\_  
Title:

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease Agreement to be duly executed as of the day and year first above written.

LESSOR

MERIDIAN TRUST COMPANY  
not in its individual capacity,  
except as otherwise expressly  
provided herein, but solely as  
Owner Trustee

By \_\_\_\_\_  
Title:

LESSEE

CONSOLIDATED RAIL CORPORATION,

By Thomas J. McAdder  
Title: Manager - Financing

CERTAIN OF THE RIGHT, TITLE AND INTEREST IN AND TO THIS LEASE AGREEMENT OF MERIDIAN TRUST COMPANY, AS OWNER TRUSTEE UNDER THE TRUST AGREEMENT, DATED AS OF APRIL 1, 1990, BETWEEN MERIDIAN TRUST COMPANY AND THE OWNER PARTICIPANT NAMED THEREIN, HAVE BEEN ASSIGNED TO AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF WILMINGTON TRUST COMPANY, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS EQUIPMENT TRUST TRUSTEE, UNDER THE EQUIPMENT TRUST AGREEMENT, DATED AS OF THE DATE HEREOF, FOR THE BENEFIT OF THE HOLDERS OF THE CERTIFICATES REFERRED TO IN SUCH EQUIPMENT TRUST AGREEMENT. THIS LEASE AGREEMENT HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS. ONLY THE ORIGINAL COUNTERPART CONTAINS THE RECEIPT THEREFOR EXECUTED BY WILMINGTON TRUST COMPANY, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS EQUIPMENT TRUST TRUSTEE, ON THE SIGNATURE PAGES THEREOF. SEE SECTION 22 FOR INFORMATION CONCERNING THE RIGHTS OF THE HOLDERS OF THE VARIOUS COUNTERPARTS HEREOF.

STATE OF )  
 )ss:  
COUNTY OF )

On this \_\_\_ day of \_\_\_\_\_, 1990 before me personally appeared, \_\_\_\_\_, to me personally known, who being by me duly sworn, says that (s)he is the \_\_\_\_\_ of MERIDIAN TRUST COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

[Notarial Seal]

My commission expires \_\_\_\_\_

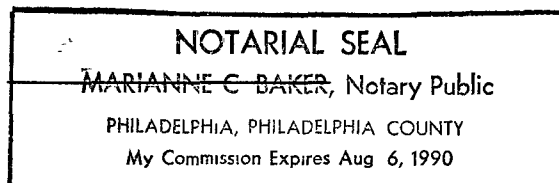
COUNTY OF PHILA )  
 )ss:  
 )

On this 23 day of APRIL, 1990 before me personally appeared, THOMAS McFADDEN, to me personally known, who being by me duly sworn, says that (s)he is the MGR-FINANCING of CONSOLIDATED RAIL CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on APRIL 23, 1990 on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Marianne C. Baker  
Notary Public

[Notarial Seal]

My commission expires \_\_\_\_\_



CERTIFICATE OF ACCEPTANCE NO. \_\_, dated \_\_\_\_, 199\_\_, between MERIDIAN TRUST COMPANY, a Pennsylvania trust company, not in its individual capacity but solely as Owner Trustee under the Trust Agreement, dated as of April 1, 1990, between SEQUA CAPITAL CORPORATION, a New York corporation, and such Owner Trustee (such Owner Trustee, in its capacity as such Owner Trustee, being herein called "Lessor"), and CONSOLIDATED RAIL CORPORATION, a Pennsylvania corporation ("Lessee"),

W I T N E S S E T H :

WHEREAS, Lessor and Lessee have heretofore entered into the Lease Agreement, dated as of April 1, 1990 (herein called the "Lease" and the defined terms therein being hereinafter used with the same meanings). The Lease provides for the execution and delivery from time to time of Certificates of Acceptance, each substantially in the form hereof, for the purpose of leasing specific Items of Equipment under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessor hereby delivers and leases to Lessee under the Lease, and Lessee hereby accepts and leases from Lessor under the Lease, the Items of Equipment specified in Schedule I hereto.

2. The date of delivery and acceptance of such Items of Equipment under the Lease is the date of this Certificate of Acceptance as set forth in the opening paragraph hereof.

3. The Term for such Items of Equipment shall commence on the date hereof.

4. Lessee hereby confirms to Lessor that such Items of Equipment shall be duly marked in accordance with the terms of Section 7(d) of the Lease and that Lessee has accepted such Items of Equipment for all purposes hereof and of the Lease as being in good working order and repair and without defect or inherent vice in title, condition, design, operation or fitness for use and that such Items of Equipment meet the specifications therefor in the applicable Purchase



Agreement; provided, however, that nothing contained herein or in the Lease shall in any way diminish or otherwise affect any right Lessee or Lessor may have with respect to such Items of Equipment against the Builder thereof or any subcontractor or supplier of such Builder.

5. Lessee hereby confirms its agreement to pay Lessor Rent for such Items of Equipment throughout the Term therefor in accordance with Section 3 of the Lease.

6. This Certificate of Acceptance may be executed by the parties hereto in separate counterparts, each of which, when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Certificate of Acceptance to be duly executed on the day and year first above written.

LESSOR

MERIDIAN TRUST COMPANY,  
not in its individual  
capacity, but solely as  
Owner Trustee

By CONSOLIDATED RAIL  
CORPORATION, Agent

By \_\_\_\_\_  
Title:

LESSEE

CONSOLIDATED RAIL CORPORATION

By \_\_\_\_\_  
Title:

SCHEDULE I

TO

CERTIFICATE OF ACCEPTANCE NO. \_\_\_\_

DESCRIPTION OF ITEMS OF EQUIPMENT

<u>Builder</u>	<u>Equipment Description</u>	<u>Identification Numbers</u>
Thrall Car Manufacturing Company	Fully-enclosed Tri-level Auto Racks	CR ____ to CR ____
	Fully-enclosed Bi-level Auto Racks	CR ____ to CR ____

**PART I**  
**STIPULATED LOSS VALUES**

DATE	STIPULATED LOSS VALUES*
1 MAY 1990	50.83825651
1 JUN 1990	73.10020001
1 JUL 1990	90.97670787
1 AUG 1990	98.61594951
1 SEP 1990	105.81480860
1 OCT 1990	106.68085972
1 NOV 1990	107.57889415
1 DEC 1990	108.47872103
1 JAN 1991	109.36369371
1 FEB 1991	110.25036713
1 MAR 1991	111.13875322
1 APR 1991	110.76599011
1 MAY 1991	109.02811453
1 JUN 1991	109.89294205
1 JUL 1991	110.73821646
1 AUG 1991	111.58491284
1 SEP 1991	112.43304118
1 OCT 1991	107.50366175
1 NOV 1991	108.31785428
1 DEC 1991	109.13335955
1 JAN 1992	109.92907439
1 FEB 1992	110.72597222
1 MAR 1992	111.52406136
1 APR 1992	112.31396687
1 MAY 1992	109.32751565
1 JUN 1992	110.10558282
1 JUL 1992	110.87067683
1 AUG 1992	111.63673881
1 SEP 1992	112.40377556
1 OCT 1992	107.30676659
1 NOV 1992	108.04454428
1 DEC 1992	108.78321777
1 JAN 1993	109.50876112
1 FEB 1993	110.23511436
1 MAR 1993	110.96228318
1 APR 1993	111.68403675
1 MAY 1993	108.73213122
1 JUN 1993	109.44603666
1 JUL 1993	110.15135819
1 AUG 1993	110.85734761
1 SEP 1993	111.56400962

\* Plus premium, if any.

PART I  
STIPULATED LOSS VALUES

DATE	STIPULATED LOSS VALUES*
1 OCT 1993	106.31266292
1 NOV 1993	106.99258223
1 DEC 1993	107.67312255
1 JAN 1994	108.34497615
1 FEB 1994	109.01739411
1 MAR 1994	109.69038040
1 APR 1994	110.35980030
1 MAY 1994	107.47025146
1 JUN 1994	108.13480816
1 JUL 1994	108.79400978
1 AUG 1994	109.45368693
1 SEP 1994	110.11384295
1 OCT 1994	104.70774711
1 NOV 1994	105.34240522
1 DEC 1994	105.97751087
1 JAN 1995	106.60719898
1 FEB 1995	107.23729972
1 MAR 1995	107.86781599
1 APR 1995	108.49614262
1 MAY 1995	105.69097833
1 JUN 1995	106.31440360
1 JUL 1995	106.93255646
1 AUG 1995	107.55104094
1 SEP 1995	108.16985939
1 OCT 1995	102.59713475
1 NOV 1995	103.18835586
1 DEC 1995	103.77987812
1 JAN 1996	104.36606258
1 FEB 1996	104.95251283
1 MAR 1996	105.53923073
1 APR 1996	106.12371101
1 MAY 1996	103.40926767
1 JUN 1996	103.98878648
1 JUL 1996	104.56313274
1 AUG 1996	105.13766165
1 SEP 1996	105.71237451
1 OCT 1996	99.96116397
1 NOV 1996	100.50601786
1 DEC 1996	101.05102147
1 JAN 1997	101.59078432
1 FEB 1997	102.13066114

\* Plus premium, if any.

PART I  
STIPULATED LOSS VALUES

DATE	STIPULATED LOSS VALUES*
1 MAR 2004	60.93875506
1 APR 2004	61.29971551
1 MAY 2004	50.38703816
1 JUN 2004	50.67685313
1 JUL 2004	50.97731381
1 AUG 2004	51.27924078
1 SEP 2004	51.58264433
1 OCT 2004	51.34691430
1 NOV 2004	51.66262135
1 DEC 2004	51.97990175
1 JAN 2005	52.30802072
1 FEB 2005	52.63780019
1 MAR 2005	52.96925182
1 APR 2005	53.30650033
1 MAY 2005	41.81303926
1 JUN 2005	42.07237171
1 JUL 2005	42.34374438
1 AUG 2005	42.61702261
1 SEP 2005	42.89221979
1 OCT 2005	43.17956859
1 NOV 2005	43.46893514
1 DEC 2005	43.76033361
1 JAN 2006	44.06399746
1 FEB 2006	44.36979362
1 MAR 2006	44.67773707
1 APR 2006	44.99238475
1 MAY 2006	33.43928141
1 JUN 2006	33.63855280
1 JUL 2006	33.84968969
1 AUG 2006	34.06230918
1 SEP 2006	34.27642167
1 OCT 2006	34.50250388
1 NOV 2006	34.73017362
1 DEC 2006	34.95944206
1 JAN 2007	35.20078663
1 FEB 2007	35.44382592
1 MAR 2007	35.68857182
1 APR 2007	35.93968797
1 MAY 2007	24.32789702
1 JUN 2007	24.46805793
1 JUL 2007	24.62494849
1 AUG 2007	24.78294073

\* Plus premium, if any.

**PART I**  
**STIPULATED LOSS VALUES**

<b>DATE</b>	<b>STIPULATED LOSS VALUES*</b>
1 SEP 2000	82.57446682
1 OCT 2000	80.71841524
1 NOV 2000	81.14311977
1 DEC 2000	81.56813769
1 JAN 2001	81.99968955
1 FEB 2001	82.43160287
1 MAR 2001	82.86388021
1 APR 2001	83.29928782
1 MAY 2001	73.83846464
1 JUN 2001	74.21968176
1 JUL 2001	74.60820946
1 AUG 2001	74.99723078
1 SEP 2001	75.38674919
1 OCT 2001	73.87425236
1 NOV 2001	74.27169197
1 DEC 2001	74.66968778
1 JAN 2002	75.07511199
1 FEB 2002	75.48114846
1 MAR 2002	75.88780151
1 APR 2002	76.29812803
1 MAY 2002	66.39737632
1 JUN 2002	66.74837031
1 JUL 2002	67.10766036
1 AUG 2002	67.46771792
1 SEP 2002	67.82854835
1 OCT 2002	66.69780012
1 NOV 2002	67.06783275
1 DEC 2002	67.43870832
1 JAN 2003	67.81801955
1 FEB 2003	68.19823888
1 MAR 2003	68.57937266
1 APR 2003	68.96479925
1 MAY 2003	58.58153646
1 JUN 2003	58.90198921
1 JUL 2003	59.23184484
1 AUG 2003	59.56278987
1 SEP 2003	59.89483194
1 OCT 2003	59.18807238
1 NOV 2003	59.53077005
1 DEC 2003	59.87464730
1 JAN 2004	60.22809191
1 FEB 2004	60.58279156

\* Plus premium, if any.

PART I  
STIPULATED LOSS VALUES

DATE	STIPULATED LOSS VALUES*
1 MAR 1997	102.67065273
1 APR 1997	103.20836366
1 MAY 1997	100.60390876
1 JUN 1997	101.14074078
1 JUL 1997	101.67659499
1 AUG 1997	102.21253572
1 SEP 1997	102.74856358
1 OCT 1997	96.81034029
1 NOV 1997	97.31818983
1 DEC 1997	97.82612054
1 JAN 1998	98.33306180
1 FEB 1998	98.84007786
1 MAR 1998	99.34716925
1 APR 1998	99.85386041
1 MAY 1998	97.38615620
1 JUN 1998	97.89628057
1 JUL 1998	98.40976579
1 AUG 1998	98.92337176
1 SEP 1998	99.43709933
1 OCT 1998	93.31748324
1 NOV 1998	93.80320219
1 DEC 1998	94.28902475
1 JAN 1999	94.77821534
1 FEB 1999	95.26753392
1 MAR 1999	95.75698139
1 APR 1999	96.24800917
1 MAY 1999	88.59539040
1 JUN 1999	89.04641895
1 JUL 1999	89.50322900
1 AUG 1999	89.96018752
1 SEP 1999	90.41729556
1 OCT 1999	87.23278278
1 NOV 1999	87.68452267
1 DEC 1999	88.13637542
1 JAN 2000	88.59401546
1 FEB 2000	89.05180981
1 MAR 2000	89.50975953
1 APR 2000	89.97038734
1 MAY 2000	80.91058014
1 JUN 2000	81.32152851
1 JUL 2000	81.73891202
1 AUG 2000	82.15655751

\* Plus premium, if any.

PART I  
STIPULATED LOSS VALUES

DATE	STIPULATED LOSS VALUES*
1 SEP 2007	24.94204238
1 OCT 2007	25.11800669
1 NOV 2007	19.35499864
1 DEC 2007	19.46826771
1 JAN 2008	19.59807760
1 FEB 2008	19.72879900
1 MAR 2008	19.86043833
1 APR 2008	20.00000000

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\* Plus premium, if any.



PART II  
TERMINATION VALUES

DATE	TERMINATION VALUES*
1 MAY 1990	50.83402121
1 JUN 1990	73.08959198
1 JUL 1990	90.95861034
1 AUG 1990	98.58960615
1 SEP 1990	105.77949822
1 OCT 1990	106.63707446
1 NOV 1990	107.52539695
1 DEC 1990	108.41538009
1 JAN 1991	109.29099038
1 FEB 1991	110.16817534
1 MAR 1991	111.04694564
1 APR 1991	110.66471121
1 MAY 1991	108.91801687
1 JUN 1991	109.77390887
1 JUL 1991	110.61090858
1 AUG 1991	111.44922184
1 SEP 1991	112.28885755
1 OCT 1991	107.35165364
1 NOV 1991	108.15792225
1 DEC 1991	108.96540159
1 JAN 1992	109.75376623
1 FEB 1992	110.54322052
1 MAR 1992	111.33377182
1 APR 1992	112.11639040
1 MAY 1992	109.12307842
1 JUN 1992	109.89419965
1 JUL 1992	110.65277927
1 AUG 1992	111.41224711
1 SEP 1992	112.17260916
1 OCT 1992	107.06936175
1 NOV 1992	107.80082820
1 DEC 1992	108.53311472
1 JAN 1993	109.25271223
1 FEB 1993	109.97304955
1 MAR 1993	110.69413168
1 APR 1993	111.40995716
1 MAY 1993	108.45239959
1 JUN 1993	109.16058811
1 JUL 1993	109.86047068
1 AUG 1993	110.56095972
1 SEP 1993	111.26205934
1 OCT 1993	106.00543115

\* Plus premium, if any.

**PART II**  
**TERMINATION VALUES**

DATE	TERMINATION VALUES*
1 NOV 1993	106.68001051
1 DEC 1993	107.35515184
1 JAN 1994	108.02189037
1 FEB 1994	108.68913785
1 MAR 1994	109.35689773
1 MAY 1994	107.12667186
1 JUN 1994	107.78620946
1 JUL 1994	108.44055556
1 AUG 1994	109.09532682
1 SEP 1994	109.75052610
1 OCT 1994	104.33963867
1 NOV 1994	104.96945640
1 DEC 1994	105.59967241
1 JAN 1995	106.22463766
1 FEB 1995	106.84996838
1 MAR 1995	107.47566704
1 APR 1995	108.09922425
1 MAY 1995	105.28945257
1 JUN 1995	105.90822581
1 JUL 1995	106.52188964
1 AUG 1995	107.13584251
1 SEP 1995	107.75008637
1 OCT 1995	102.17295189
1 NOV 1995	102.75972230
1 DEC 1995	103.34675266
1 JAN 1996	103.92861173
1 FEB 1996	104.51069753
1 MAR 1996	105.09301159
1 APR 1996	105.67314080
1 MAY 1996	102.95450798
1 JUN 1996	103.52980096
1 JUL 1996	104.10008361
1 AUG 1996	104.67051470
1 SEP 1996	105.24109523
1 OCT 1996	99.48591646
1 NOV 1996	100.02676980
1 DEC 1996	100.56774028
1 JAN 1997	101.10363604
1 FEB 1997	101.63961541
1 MAR 1997	102.17567896
1 APR 1997	102.70951941
1 MAY 1997	100.10120370

\* Plus premium, if any.

PART II  
TERMINATION VALUES

DATE	TERMINATION VALUES*
1 JUN 1997	100.63414538
1 JUL 1997	101.16611900
1 AUG 1997	101.69814970
1 SEP 1997	102.23023789
1 OCT 1997	96.28808455
1 NOV 1997	96.79197565
1 DEC 1997	97.29591818
1 JAN 1998	97.79888077
1 FEB 1998	98.30188850
1 MAR 1998	98.80494167
1 APR 1998	99.30758206
1 MAY 1998	96.83567661
1 JUN 1998	97.34156777
1 JUL 1998	97.85066717
1 AUG 1998	98.35985321
1 SEP 1998	98.86912648
1 OCT 1998	92.74490105
1 NOV 1998	93.22620340
1 DEC 1998	93.70757567
1 JAN 1999	94.19216164
1 FEB 1999	94.67683973
1 MAR 1999	95.16161057
1 APR 1999	95.64787181
1 MAY 1999	87.99063163
1 JUN 1999	88.43700358
1 JUL 1999	88.88891227
1 AUG 1999	89.34093080
1 SEP 1999	89.79305993
1 OCT 1999	86.60331974
1 NOV 1999	87.05020970
1 DEC 1999	87.49717557
1 JAN 2000	87.94968221
1 FEB 2000	88.40230274
1 MAR 2000	88.85503793
1 APR 2000	89.31031715
1 MAY 2000	80.24491502
1 JUN 2000	80.65022269
1 JUL 2000	81.06168998
1 AUG 2000	81.47336957
1 SEP 2000	81.88526291
1 OCT 2000	80.02291550
1 NOV 2000	80.44127014

\* Plus premium, if any.

PART II  
TERMINATION VALUES

DATE	TERMINATION VALUES*
1 DEC 2000	80.85988367
1 JAN 2001	81.28474680
1 FEB 2001	81.70991283
1 MAR 2001	82.13538382
1 APR 2001	82.56382358
1 MAY 2001	73.09571935
1 JUN 2001	73.46958996
1 JUL 2001	73.85045181
1 AUG 2001	74.23173723
1 SEP 2001	74.61344909
1 OCT 2001	73.09282110
1 NOV 2001	73.48205417
1 DEC 2001	73.87176744
1 JAN 2002	74.26857908
1 FEB 2002	74.66592216
1 MAR 2002	75.06380027
1 APR 2002	75.46515701
1 MAY 2002	65.55507227
1 JUN 2002	65.89664412
1 JUL 2002	66.24614231
1 AUG 2002	66.59631346
1 SEP 2002	66.94716213
1 OCT 2002	65.80605606
1 NOV 2002	66.16562993
1 DEC 2002	66.52594491
1 JAN 2003	66.89431297
1 FEB 2003	67.26348162
1 MAR 2003	67.63345626
1 APR 2003	68.00748989
1 MAY 2003	57.61241455
1 JUN 2003	57.92093738
1 JUL 2003	58.23843557
1 AUG 2003	58.55689940
1 SEP 2003	58.87633539
1 OCT 2003	58.15653465
1 NOV 2003	58.48605975
1 DEC 2003	58.81663183
1 JAN 2004	59.15632838
1 FEB 2004	59.49714069
1 MAR 2004	59.83907632
1 APR 2004	60.18572970
1 MAY 2004	49.25825970

\* Plus premium, if any.

PART II  
TERMINATION VALUES

DATE	TERMINATION VALUES*
1 JUN 2004	49.53313101
1 JUL 2004	49.81815428
1 AUG 2004	50.10448535
1 SEP 2004	50.39213306
1 OCT 2004	50.14014442
1 NOV 2004	50.43942528
1 DEC 2004	50.74011037
1 JAN 2005	51.05112199
1 FEB 2005	51.36361717
1 MAR 2005	51.67760594
1 APR 2005	51.99705965
1 MAY 2005	40.48524370
1 JUN 2005	40.72603044
1 JUL 2005	40.97828785
1 AUG 2005	41.23225125
1 SEP 2005	41.48793220
1 OCT 2005	41.75518454
1 NOV 2005	42.02424430
1 DEC 2005	42.29512368
1 JAN 2006	42.57767725
1 FEB 2006	42.86214172
1 MAR 2006	43.14853000
1 APR 2006	43.44122943
1 MAY 2006	31.87033652
1 JUN 2006	32.05164677
1 JUL 2006	32.24426337
1 AUG 2006	32.43818262
1 SEP 2006	32.63341334
1 OCT 2006	32.84004456
1 NOV 2006	33.04807321
1 DEC 2006	33.25750875
1 JAN 2007	33.47844085
1 FEB 2007	33.70086710
1 MAR 2007	33.92479761
1 APR 2007	34.15472262
1 MAY 2007	22.52572604
1 JUN 2007	22.64852890
1 JUL 2007	22.78732692
1 AUG 2007	22.92706362
1 SEP 2007	23.06774536
1 OCT 2007	23.22454317
1 NOV 2007	17.44458075

\* Plus premium, if any.

PART II  
TERMINATION VALUES

DATE	TERMINATION VALUES*
1 DEC 2007	17.54075165
1 JAN 2008	17.65273761
1 FEB 2008	17.76548092
1 MAR 2008	17.87898670
1 APR 2008	17.99999996

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\* Plus premium, if any.

Exhibit C to  
Lease Agreement

BASIC RENT

BASIC RENT PAYMENT DATE	RENT NUMBER	TOTAL RENT	ADVANCE RENT	ARREARS RENT	% OF RENT IN ARREARS
10/ 1/1990	0	0.00000000	0.00000000	0.00000000	100.00000000
10/ 1/1990	1	0.00000000	0.00000000	0.00000000	0.00000000
4/ 1/1991	2	3.85662448	2.60115469	1.25546979	32.55359181
10/ 1/1991	3	5.75783739	0.00000000	5.75783739	100.00000000
4/ 1/1992	4	3.76346670	3.76346670	0.00000000	0.00000000
10/ 1/1992	5	5.85099510	0.00000000	5.85099510	100.00000000
4/ 1/1993	6	3.66508789	3.66508789	0.00000000	0.00000000
10/ 1/1993	7	5.94937392	0.00000000	5.94937392	100.00000000
4/ 1/1994	8	3.55359599	3.55359599	0.00000000	0.00000000
10/ 1/1994	9	6.06086589	0.00000000	6.06086589	100.00000000
4/ 1/1995	10	3.42822349	3.42822349	0.00000000	0.00000000
10/ 1/1995	11	6.18623832	0.00000000	6.18623832	100.00000000
4/ 1/1996	12	3.29374470	3.29374470	0.00000000	0.00000000
10/ 1/1996	13	6.32071710	0.00000000	6.32071710	100.00000000
4/ 1/1997	14	3.14119418	3.14119418	0.00000000	0.00000000
10/ 1/1997	15	6.47326769	0.00000000	6.47326769	100.00000000
4/ 1/1998	16	2.97773210	2.97773210	0.00000000	0.00000000
10/ 1/1998	17	6.63672981	0.00000000	6.63672981	100.00000000
4/ 1/1999	18	8.10354020	8.10354020	0.00000000	0.00000000
10/ 1/1999	19	3.64744501	0.00000000	3.64744501	100.00000000
4/ 1/2000	20	9.47054030	9.47054030	0.00000000	0.00000000
10/ 1/2000	21	2.28044491	0.00000000	2.28044491	100.00000000
4/ 1/2001	22	9.84160109	9.84160109	0.00000000	0.00000000
10/ 1/2001	23	1.90938411	0.00000000	1.90938411	100.00000000
4/ 1/2002	24	10.25104140	10.25104140	0.00000000	0.00000000
10/ 1/2002	25	1.49994381	0.00000000	1.49994381	100.00000000
4/ 1/2003	26	10.70269931	10.70269931	0.00000000	0.00000000
10/ 1/2003	27	1.04828590	0.00000000	1.04828590	100.00000000
4/ 1/2004	28	11.20111049	11.20111049	0.00000000	0.00000000
10/ 1/2004	29	0.54987471	0.00000000	0.54987471	100.00000000
4/ 1/2005	30	11.75098520	11.75098520	0.00000000	0.00000000
10/ 1/2005	31	0.00000000	0.00000000	0.00000000	0.00000000
4/ 1/2006	32	11.75098520	11.75098520	0.00000000	0.00000000
10/ 1/2006	33	0.00000000	0.00000000	0.00000000	0.00000000
4/ 1/2007	34	11.75097451	11.75097451	0.00000000	0.00000000
10/ 1/2007	35	5.87548729	5.87548729	0.00000000	0.00000000
4/ 1/2008	36	0.00000000	0.00000000	0.00000000	100.00000000
	-----		-----	-----	
TOTALS		188.55003819	127.12316473	61.42687345	

SCHEDULE I

TO

LEASE AGREEMENT

ASSUMPTIONS USED BY OWNER PARTICIPANT

1. Delivery Dates:

<u>Delivery Date</u>	<u>Cost of Items of Equipment to be Delivered</u>
--------------------------	---

Total:

2. Funding Dates:

<u>Funding Date</u>	<u>Cost of Items of Equipment to be Delivered</u>
-------------------------	---

Total:

3. Transaction Costs: 2.75 percent of Cost



## 4. Interest Rates:

MaturityInterest Rate

SCHEDULE II  
TO  
LEASE AGREEMENT

DESCRIPTION OF ITEMS OF EQUIPMENT

<u>Builder</u>	<u>Equipment Description</u>	<u>Identification Numbers</u>
Thrall Car Manufacturing Company	Fully-enclosed Tri-level Auto Racks	CR 8673 to CR 8999
	Fully-enclosed Bi-level Auto Racks	CR 8000 to CR 8564

Consolidated Rail Corporation  
Conrail 1990 Equipment Trust A

Appendix A to  
Participation Agreement, Lease Agreement,  
Equipment Trust Agreement and Trust Agreement

"Adopted Proposal" means any Proposal, or a similar or related or substitute proposal having a substantially similar effect, which is enacted into law or promulgated prior to the last day of the first Session of the 102nd Congress of the United States.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means any Paying Agent or Registrar.

"Applicable Law" means all applicable laws (foreign or domestic), treaties, judgments, decrees, injunctions, writs and orders of any court, governmental agency or authority and rules, regulations, orders, directives, licenses and permits of any governmental body, instrumentality, agency or authority, including, without limitation, all rules and regulations of the United States Department of Transportation and the ICC.

"Assignment" means the Purchase Agreement Assignment, dated as of April 1, 1990, between Lessee and the Owner Trustee.

"Auto Rack" means each auto rack manufactured by the Builder under the Purchase Agreement, excluding those 108 auto racks bearing Conrail car identification numbers 8565 through 8672, inclusive.

"Average Life Date" means, with respect to the redemption of any Certificate, the date subsequent to the applicable Redemption Date which is the last day of the period commencing on such Redemption Date equal to the Remaining Weighted Average Life of such Certificate.

"Babcock and Brown" means Babcock and Brown Financial Corporation or any successor thereto.

"Basic Lease Commencement Date", with respect to any Item of Equipment, means the later of October 1, 1990, and the Delivery Date for such Item of Equipment.

"Basic Lease Term", with respect to any Item of Equipment, means the period from the Basic Lease Commencement Date of such Item of Equipment to the Basic Lease Termination Date.

"Basic Lease Termination Date" means April 1, 2008.

"Basic Rent" for any Item of Equipment means the rent payable for such Item of Equipment pursuant to the second sentence of Section 3(b) of the Lease, as the same may be adjusted pursuant to Section 3(e) of the Lease, or, during any Renewal Term, the rent payable for such Item of Equipment pursuant to Section 19 of the Lease.

"Basic Rent Payment Date" for any Item of Equipment means each April 1 and October 1 during the Term applicable to such Item of Equipment commencing April 1, 1991.

"Bill of Sale" means a warranty bill of sale for any Item of Equipment in the case of the Builder thereof or a quitclaim bill of sale for any Item of Equipment in the case of the Owner Trustee.

"Builder" means Thrall Car Manufacturing Company or any successor thereto.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banking institutions in New York City or Wilmington, Delaware, or Philadelphia or Reading, Pennsylvania, are authorized or required by law, regulation or executive order to be closed.

"Car Contract" has the meaning set forth in Section 7(e) of the Lease.

"Casualty Loss Determination Date" means each of the dates listed in Exhibit B to the Lease.

"Certificate" means each 1990 Equipment Trust Certificate, Series A issued under the Equipment Trust Agreement.

"Certificate of Acceptance" means a Certificate of Acceptance, substantially in the form of Exhibit A to the Lease, to be entered into between Lessor and Lessee for the purpose of evidencing the lease of an Item of Equipment under and pursuant to the terms of the Lease and to be dated the Delivery Date of such Item of Equipment.

"Certificate Rate" means the interest rate applicable to the Certificates at the time Outstanding.

"Certificates relating to" an Item of Equipment means, as of any date, Certificates Outstanding on such date having an aggregate principal amount determined by multiplying (a) the principal amount of such Certificates by (b) a fraction, the numerator of which is the Cost of such Item of Equipment and the denominator of which is the Cost of all Items of Equipment.

"Change", with respect to any Funding Date, means:

(i) any Federal income tax statute or any Regulation (including, but not limited to, any amendment, addition, deletion, change or modification in or to the provisions of the Code or Regulations as in effect on the date of this Agreement) which has been enacted into law or promulgated subsequent to the date of this Agreement but prior to such Funding Date, or

(ii) any decision by a court of competent jurisdiction with respect to the Federal tax treatment of the transactions contemplated by the Operative Documents, which decision has been rendered subsequent to the date of this Agreement but prior to such Funding Date,

which statute, Regulation or decision will cause an adjustment to be made pursuant to Section 3(e) of the Lease.

"Claims" means any and all costs, liabilities (including strict or absolute liability without fault in tort or otherwise), obligations, losses, damages, penalties, actions or suits or claims which may be imposed on, incurred by, suffered by, or asserted against a Person and shall include all reasonable out-of-pocket costs, disbursements and expenses (including legal fees and expenses) paid or incurred by such Person in connection therewith.

"Closing Date" means the date of the original issuance and sale of the Certificates.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitment", with respect to any Item of Equipment, means (a) 78.54632% of the Cost of such Item of Equipment, in the case of the Owner Participant, and (b) 21.45368% of the Cost of such Item of Equipment, in the case of the Equipment Trust Trustee.

"Company" means Lessee.

"Consent" means the Consent and Agreement, dated as of April 1, 1990, executed by the Builder.

"Co-Registrar" has the meaning set forth in Section 2.04 of the Equipment Trust Agreement.

"Cost", with respect to an Auto Rack, means the total price of such Auto Rack as set forth in the applicable invoice delivered by the Builder for such Auto Rack.

"Defaulted Interest" has the meaning set forth in Section 2.09(b) of the Equipment Trust Agreement.

"Deficiency Amount" has the meaning set forth in Section 26 of the Lease.

"Delivery Date" for any Item of Equipment means the date on which such Item of Equipment is delivered to the Lessor and leased to Lessee under the Lease, all as evidenced by the execution and delivery of a Certificate of Acceptance.

"Deposited Cash" means the aggregate of (i) cash deposited with the Equipment Trust Trustee as provided by Section 3.01 of the Equipment Trust Agreement and (ii) when required or indicated by the context, any Permitted Investment purchased by the use of such cash pursuant to Section 8.04(b) of the Equipment Trust Agreement.

"Equipment Trust Agreement" means the Equipment Trust Agreement, dated as of April 1, 1990, between the Owner Trustee and the Equipment Trust Trustee, as the same may be supplemented, amended or modified from time to time pursuant to the applicable provisions thereof and of the Participation Agreement.

"Equipment Trust Estate" has the meaning set forth in Section 4.03 of the Equipment Trust Agreement.

"Equipment Trust Trustee" means Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity but solely as trustee under the Equipment Trust Agreement, and each other Person which may from time to time be acting as Equipment Trust Trustee in accordance with the provisions of the Equipment Trust Agreement.

"ETA Default" means any event which is or after notice or passage of time, or both, would be an Event of Acceleration.

"ETA Lease Term" has the meaning set forth in Section 5.02 of the Equipment Trust Agreement.

"ETA Rent" has the meaning set forth in Section 5.03 of the Equipment Trust Agreement.

"Event of Acceleration" has the meaning set forth in Section 7.01 of the Equipment Trust Agreement.

"Event of Default" has the meaning set forth in Section 14 of the Lease.

"Event of Loss", with respect to any Item of Equipment, means any of the following events with respect to such Item of Equipment: such Item of Equipment shall be or become lost, stolen, destroyed or irreparably damaged, or in the opinion of Lessee worn out from any cause whatsoever, permanently returned to the Builder thereof pursuant to any patent indemnity provision of the Purchase Agreement, or taken or requisitioned by condemnation or otherwise by the United States Government or by any other government or governmental entity resulting in loss of possession by Lessee, provided that, in the case of any such requisition only for use by the United States Government, such requisition shall have continued for at least 90 days or until the Business Day immediately preceding the last day of the Term for such Item of Equipment, if less.

"Excepted Property" means (a) all public liability insurance and any proceeds thereof payable as a result of claims paid for the benefit of or losses suffered by the Owner Participant or the Owner Trustee in its individual or trust capacity, (b) proceeds of permitted insurance separately maintained by and for the benefit of the Owner Participant (whether directly or through the Owner Trustee), (c) any indemnity or other amount payable in favor of the Owner Participant or the Owner Trustee in its individual or trust capacity including, without limitation, any payments

pursuant to the Tax Indemnity Agreement or Section 13, 15 or 16 of the Participation Agreement, (d) the rights of the Owner Participant or the Owner Trustee in its individual or trust capacity to enforce payment of any of the foregoing amounts, (e) the rights of the Owner Participant or the Owner Trustee in its individual or trust capacity to compromise or waive any such right or to modify, amend or waive any provision conferring any such rights, (f) all proceeds of the foregoing, and (g) any overdue interest paid in respect of amounts described in clause (c) above.

The "fair market rental value" of an Item of Equipment means an amount determined on the basis of, and shall be equal in amount to, the rental for such Item of Equipment, which would be obtained in an arm's length transaction between an informed and willing lessee and an informed and willing lessor, neither being under any compulsion to lease, as the case may be, which determination shall be made (i) without deduction for any costs of removal of such Item of Equipment from the location of then-current use and (ii) on the assumption that such Item of Equipment is free and clear of all Liens and is in the condition and repair in which it is required to be returned pursuant to Section 5 of the Lease; provided, however, that the determination of fair market rental value for the purposes of Section 15 of the Lease shall be based on the actual condition of such Item of Equipment at the time of such determination, shall take into account all Liens on such Item of Equipment (other than Lessor's Liens), notwithstanding the provisions of clause (ii) of this sentence, and if Lessor, after demand in writing of Lessee, cannot obtain possession of such Item of Equipment pursuant to Section 15 of the Lease, fair market rental value for purposes of Section 15 of the Lease shall be deemed zero.

The "fair market sales value" of an Item of Equipment means an amount determined on the basis of, and shall be equal in amount to, the value which would be obtained in an arm's length transaction between an informed and willing purchaser under no compulsion to buy and an informed and willing seller under no compulsion to sell such Item of Equipment, which determination shall be made (i) without deduction for any costs of removal of such Item of Equipment from the location of then-current use and (ii) on the assumption that such Item of Equipment is free and clear of all Liens and is in the condition and repair in which it is required to be returned pursuant to Section 5 of the Lease; provided, however, that the determination of fair market sales value for the purpose of Section 15 of the Lease



shall be based on the actual condition of such Item of Equipment at the time of such determination, shall take into account all Liens on such Item of Equipment (other than Lessor's Liens), notwithstanding the provisions of clause (ii) of this sentence, and if Lessor, after demand in writing of Lessee, cannot obtain possession of such Item of Equipment pursuant to Section 15 of the Lease, fair market sales value shall be deemed zero.

"Funding Date" for any Item of Equipment means the Business Day on or subsequent to the Delivery Date for such Item of Equipment as specified by Lessee in writing pursuant to Section 2(b) of the Participation Agreement.

"Guaranty" means the guaranty of the Owner Trustee endorsed on each Certificate, contained in the form of Exhibit A to the Equipment Trust Agreement.

"Holder" means a Person in whose name a Certificate is registered on the Register.

"ICC" means the Interstate Commerce Commission and any agency or instrumentality of the United States government succeeding to its functions.

"Indemnified Person" has the meaning set forth in Section 16(a) of the Participation Agreement.

"Independent Appraisal" means an appraisal mutually agreed to by two nationally recognized independent appraisers, one of which appraisers shall be chosen by Lessor and one by Lessee, or, if such appraisers cannot agree on the amount of such appraisal, an appraisal arrived at by a third nationally recognized independent appraiser chosen by the mutual consent of such two appraisers; provided that, if either party shall fail to appoint an appraiser within 15 days after a written request to do so by the other party, or if such two appraisers cannot agree on the amount of such appraisal and fail to appoint a third appraiser within 20 days after the date of the appointment of the second of such appraisers, then either party may apply to the American Arbitration Association to make such appointment. In the event such third independent appraiser shall be chosen to provide such appraisal, unless the parties agree otherwise, such appraisal shall be required to be made within 20 days of such appointment. Fees and expenses relating to an Independent Appraisal shall be payable as follows:

(i) if the Independent Appraisal is used in connection with the exercise of remedies upon the occurrence of an Event of Default under the Lease, all such fees and expenses shall be borne by Lessee;

(ii) if the Independent Appraisal is used in connection with the possible exercise of a renewal option or purchase option pursuant to Section 7(e)(ii), 19 or 20 of the Lease, then each party shall bear its respective fees and expenses; provided (A) if an appraisal under the Independent Appraisal shall be conducted by one appraiser only, Lessee shall bear the fees and expenses of such appraiser, or (B) if an appraisal under the Independent Appraisal shall be conducted by more than one appraiser, Lessee shall bear the fees and expenses of the appraiser appointed by Lessee and of the appraiser appointed jointly by the appraiser of Lessee and the appraiser of Lessor; and provided, further, that if after the utilization of such Independent Appraisal Lessee does not exercise any such renewal option or purchase option, then Lessee shall reimburse Lessor for all fees and expenses paid by Lessor in respect of such Independent Appraisal; and

(iii) in all other instances, each party shall bear (A) its respective fees and expenses with respect to any Independent Appraisal and (B) one-half of the fees and expenses of the appraisers participating in any Independent Appraisal.

"Independent Investment Banker" means an independent investment banking institution of national standing appointed by Lessee on behalf of the Owner Trustee; provided, that if the Equipment Trust Trustee shall not have received written notice of such an appointment at least 10 days prior to the applicable Redemption Date or if an Event of Default shall have occurred and be continuing, "Independent Investment Banker" shall mean such an institution appointed by the Equipment Trust Trustee.

"Interest Payment Date" means each April 1 and October 1, commencing October 1, 1990, so long as any Certificate remains Outstanding.

"Interim Lease Term", with respect to any Item of Equipment, means the period from the Delivery Date of such Item of Equipment to the Basic Lease Commencement Date.

"Investment Proceeds" means the net profit, income, interest, dividend or gain actually realized from the making of Permitted Investments of any Deposited Cash.

"Item of Equipment" means each Auto Rack the title to which is transferred by the Owner Trustee to the Equipment Trust Trustee, and which is leased to Lessee under the Lease (as evidenced by a Certificate of Acceptance), in accordance with Section 3 of the Participation Agreement.

"Lease" means the Lease Agreement, dated as of April 1, 1990, between Lessor and Lessee, as the same may be amended, modified or supplemented from time to time pursuant to the applicable provisions thereof and in accordance with the Trust Agreement and the Equipment Trust Agreement.

"Lease Intermediary Firm" means a firm nationally recognized as having expertise in the structuring and analysis of the leveraged lease financing of transportation equipment.

"Lessee" means Consolidated Rail Corporation, a Pennsylvania corporation, and its permitted successors and assigns.

"Lessor" means the Owner Trustee and its permitted successors and assigns.

"Lessor's Lien" means any Lien arising as a result of (a) claims against or affecting Lessor (in its individual capacity or as Owner Trustee) or the Owner Participant, in either case not related to the transactions contemplated by the Lease or the Participation Agreement, or (b) acts or omissions of Lessor (in its individual capacity or as Owner Trustee) or the Owner Participant, in either case not related to the transactions contemplated by the Lease or the Participation Agreement or not permitted under the Lease or the Participation Agreement.

"Lien" means any mortgage, pledge, lien, charge, encumbrance, lease, exercise of rights, security interest or claim.

"Loss Payment Date" has the meaning set forth in Section 10(a) of the Lease.

"Minimum Number" means, with respect to the Items of Equipment, not less than 150 Items of Equipment selected by

the Equipment Trust Trustee from all Items of Equipment then leased under the Lease or, if fewer than 150 Items of Equipment then under the Lease are remaining, all of the Items of Equipment.

"Net Economic Return" means the Owner Participant's anticipated nominal after-tax yield utilizing the multiple investment sinking fund method of analysis and aggregate (and, within any five-year time span, periodic) after-tax cash flow, computed on the basis of the same methodology and assumptions utilized by the Owner Participant in determining the amounts payable as Basic Rent, Stipulated Loss Value and Termination Value pursuant to the Lease as originally executed.

"Offering Circular" means the final Offering Circular pursuant to which the Certificates are to be offered to the public.

"Officer's Certificate", with respect to any company, means a certificate signed by the Chairman, the Vice Chairman, the President, any Vice President, any Assistant Vice President, the Treasurer or any Assistant Treasurer, the Secretary, or any Assistant Secretary of such company.

"Operative Document" means each of the Lease, any Certificate of Acceptance, the Participation Agreement, the Trust Agreement, the Equipment Trust Agreement, the Purchase Agreement, the Assignment, the Consent, the Certificates, the Tax Indemnity Agreement and the Title Documents.

"Opinion of Counsel" means a written opinion of legal counsel, who in the case of counsel for the Company may be the senior attorney employed by the Company, or other legal counsel designated by the Company and who shall be satisfactory to the Equipment Trust Trustee and the Owner Participant or, in the case of legal counsel for the Owner Trustee, may be Morgan, Lewis & Bockius or other legal counsel designated by the Owner Trustee and satisfactory to the Equipment Trust Trustee and the Owner Participant.

"Outstanding" when used with respect to Certificates, means, as of the date of determination, all Certificates theretofore authenticated and delivered under the Equipment Trust Agreement, other than:

- (a) Certificates theretofore cancelled by the Equipment Trust Trustee or delivered to the Equipment Trust Trustee for cancellation pursuant to Section 2.08 of the Equipment Trust Agreement or otherwise;

Participant, or the Equipment Trust Trustee) and requisition, indemnity or the payments of any kind for or with respect to the Items of Equipment, including without limitation, any and all payments and proceeds received by the Owner Trustee after the termination of the Lease with respect to any Item of Equipment resulting from the sale, lease or other disposition thereof, subject, however, to the provisions of and the lien created under the Equipment Trust Agreement. Notwithstanding the foregoing, "Owner Trust Estate" shall not include any Excepted Property.

"Owner Trustee" means Meridian Trust Company, a Pennsylvania trust company, not in its individual capacity, but solely as trustee under the Trust Agreement, and each other Person which may from time to time be acting as Owner Trustee in accordance with the provisions of the Trust Agreement.

"Owner Trustee Request" means a request by the Owner Trustee setting forth the subject matter of the request.

"Participation Agreement" means the Participation Agreement, dated as of April 1, 1990, among Lessee, the Equipment Trust Trustee, the Owner Participant and the Owner Trustee (in its individual capacity as expressly provided therein and as trustee), as such Participation Agreement may from time to time be supplemented, amended or modified in accordance with the terms thereof and of the Equipment Trust Agreement.

"Parts" means all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature, which may from time to time be incorporated or installed in or attached to an Item of Equipment.

"Paying Agent" has the meaning set forth in Section 2.04 of the Equipment Trust Agreement.

"Permitted Investment" means (a) direct obligations of the United States of America and agencies thereof, (b) obligations fully guaranteed by the United States of America, (c) certificates of deposit issued by, or bankers' acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the states thereof having combined capital and surplus and retained earnings of at least \$100,000,000 (including Lessor in its individual capacity or the Equipment Trust

Equipment Trust Agreement, the Lease or the Participation Agreement, or (ii) acts or omissions of the Equipment Trust Trustee not related to the transactions contemplated by the Equipment Trust Agreement, the Lease or the Participation Agreement or not permitted under the Lease, the Participation Agreement or the Equipment Trust Agreement.

"U.S. Government Obligations" means securities that are direct obligations of the United States of America for the payment of which its full faith and credit is pledged which are not callable or redeemable, and shall also include a depository receipt issued by a bank or a trust company as custodian with respect to any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt so long as such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.